

SECURITIES AND EXCHANGE COMMISSION

FORM N-1A/A

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FILER

AQR Funds

CIK: **1444822** | IRS No.: **000000000** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **N-1A/A** | Act: **33** | File No.: **333-153445** | Film No.: **081255851**

Mailing Address
*TWO GREENWICH PLAZA
3RD FLOOR
GREENWICH CT 06830*

Business Address
*TWO GREENWICH PLAZA
3RD FLOOR
GREENWICH CT 06830
203-742-3600*

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CIK: **1444822** | IRS No.: **000000000** | State of Incorporation: **DE** | Fiscal Year End: **1231**
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203-742-3600*

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-1A

Registration Statement under the Securities Act of 1933

Pre-Effective Amendment No. 2

Post-Effective Amendment No. __

and/or

Registration Statement under the Investment Company Act of 1940

Amendment No. 2

(Check appropriate box or boxes)

AQR Funds

(Exact Name of Registrant Specified in Charter)

Two Greenwich Plaza, 3rd Floor

Greenwich, CT 06830

(Address of Principal Executive Offices)

Registrant's Telephone Number, Including Area Code: (203) 742-3605

Bradley D. Asness, Esq.

Principal & General Counsel

AQR Capital Management, LLC

Two Greenwich Plaza, 3rd Floor

Greenwich, CT 06830

(Name and Address of Agent for Service)

With copies to:

Jane A. Kanter, Esq.

Dechert LLP

1775 I Street, N.W.

Washington, DC 20006-2401

Frederick H. Sherley, Esq.

Dechert LLP

100 North Tryon Street

Suite 4000

Charlotte, NC 28202

Approximate Date of Proposed Public Offering: As soon as practicable after this Registration Statement becomes effective.

Registrant elects to register an indefinite number of shares pursuant to Rule 24f-2 under the Investment Company Act of 1940.

Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

**THE AQR FUNDS
PROSPECTUS
December , 2008
CLASS N SHARES**

INTERNATIONAL AND GLOBAL EQUITY FUNDS

**AQR Global Equity Fund
AQR International Equity Fund
AQR International Small Cap Fund
AQR Emerging Markets Fund**

DOMESTIC EQUITY FUNDS

**AQR Equity Plus Fund
AQR Small Cap Core Fund
AQR Small Cap Growth Fund**

ABSOLUTE RETURN FUND

AQR Diversified Arbitrage Fund

This prospectus contains important information about each Fund, including its investment objective, fees and expenses. For your benefit and protection, please read it before you invest and keep it for future reference. This prospectus relates only to the Class N Shares of each Fund.

The Securities and Exchange Commission has not approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense. In addition, your investment in any of the Funds is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. You may lose money by investing in any of the Funds. The likelihood of loss may be greater if you invest for a shorter period of time.

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OVERVIEW OF THE AQR FUNDS

This prospectus describes the series (“Funds”) of the AQR Funds. AQR Capital Management, LLC (the *Adviser*) serves as the investment adviser of each Fund. CNH Partners, LLC (the *Sub-Adviser*), an affiliate of the *Adviser*, serves as the investment sub-adviser of the AQR Diversified Arbitrage Fund.

The Funds comprise:

Name of Fund	General Nature of Fund	Fund Benchmark
International and Global Equity Funds		
AQR Global Equity Fund	Invests worldwide in developed markets including the U.S. and Canada	<i>MSCI World Index</i>
AQR International Equity Fund	Invests worldwide in developed markets excluding the U.S. and Canada	<i>MSCI EAFE Index</i>
AQR International Small Cap Fund	Invests worldwide in smaller companies in developed markets excluding the U.S. and Canada	<i>MSCI EAFE Small Cap Index</i>
AQR Emerging Markets Fund	Invests in emerging markets	<i>MSCI Emerging Markets Index</i>
Domestic Equity Funds		
AQR Equity Plus Fund	Invests approximately 130% “long” in larger U.S. companies deemed attractive and 30% “short” in larger U.S. companies deemed unattractive	<i>Russell 1000[®] Index</i>
AQR Small Cap Core Fund	Invests in smaller U.S. companies	<i>Russell 2000[®] Index</i>
AQR Small Cap Growth Fund	Invests in smaller growth-oriented U.S. companies	<i>Russell 2000[®] Growth Index</i>
Absolute Return Funds		
AQR Diversified Arbitrage Fund	Invests using “alternative investment” strategies such as merger arbitrage, convertible arbitrage, and other forms of arbitrage	<i>Merrill Lynch 3 Month Treasury Bill Index</i>

For information regarding a Fund’s principal and common risks, see below the “Principal Investment Risks” section for each Fund and the section entitled “How the Funds Pursue their Investment Objectives - Risk Factors.”

GLOSSARY

To keep things simple, we have defined and explained a number of terms and concepts in a Glossary at the back of this prospectus. Terms that are in italics have definitions or explanations in the Glossary.

INVESTMENT PHILOSOPHY

All the International and Global Equity Funds and Domestic Equity Funds managed by the *Adviser* share a common investment philosophy and investment process.

The AQR Diversified Arbitrage Fund is managed according to its own philosophy and process, which is described in detail in the discussion of that Fund' s investment strategies in this prospectus.

The *Adviser's* core beliefs are that (1) equity markets are neither completely efficient nor completely inefficient and (2) a disciplined quantitative approach can be used effectively in seeking to outperform market benchmarks. In implementing its investment philosophy, the *Adviser* uses quantitative tools to analyze and understand the vast amount of data available regarding the markets and securities in which the *Adviser* is investing. In contrast to the stereotypical "black box" concept of quantitative investing (*i.e.*, obscure mathematical models generating unintuitive trades with no transparency), the *Adviser's* investment process is "quantitative" in the sense that the *Adviser* employs quantitative tools to implement a fundamental investment process. The *Adviser* also believes that a large set of small trades, coupled with systematic risk controls, can offer a more attractive risk-adjusted return than a small set of large trades.

The *Adviser's* investment philosophy is based on the fundamental concepts of value and momentum. Value investing is simply buying securities that are considered by the *Adviser* to be undervalued by the market and selling securities that the *Adviser* believes are overvalued by the market. Momentum investing is simply buying securities whose stock price is increasing and selling securities whose stock price is not increasing or may be falling.

The *Adviser* believes that using both value and momentum strategies in selecting investments is a powerful and effective approach because the two strategies are usually negatively correlated. As a result, when the two strategies are used together by the *Adviser* in making investment selections, the investments chosen by the *Adviser* tend to be either cheap stocks or stocks that are coming into favor with investors. Stocks that score well by taking into account both factors will generally have the highest weightings. The combination of the two strategies is designed to produce a Fund portfolio that seeks to preserve the positive expected return of each strategy while having the added benefit of significantly lower volatility than would otherwise be achieved by using either strategy alone.

The concepts of value and momentum are taken into account by the *Adviser* broadly across many factors and signals that help guide the *Adviser* in selecting: (1) individual securities within an industry, (2) the relative weighting of various sectors and industries, and/or (3) countries and currencies. The value and momentum philosophy for selecting individual securities and for determining the weightings of various industry sectors is common to all of the International and Global Equity Funds and Domestic Equity Funds. The explicit selection of countries and currencies is applied to the AQR Emerging Markets Fund, AQR Global Equity Fund, and AQR International Equity Fund.

Over the years, the *Adviser* has refined its methods of measuring value and momentum and has undertaken extensive research into stock selection factors and themes that augment these core approaches. Certain factors or themes can degrade over time and, therefore, the *Adviser* works on refining the measurement of the various factors and themes it believes will produce positive investment results. The *Adviser* believes that the factors and themes it employs are economically intuitive and are generally based on extensive academic research.

INVESTMENT PROCESS

The *Adviser* sees the world in “views,” which are simply quantitative processes that rank every stock in the investment universe from most attractive to least attractive with respect to a particular investment factor. Portfolio weights are assigned to reflect each stock’s degree of attractiveness. Each “view” has an associated forecasted volatility based on a risk model for each factor.

For stock selection there are two types of “views” used by the *Adviser*:

one view is used to select stocks within an industry,

the other view is used to select industries.

In the stock selection view, each stock is ranked by the *Adviser* based on its raw investment signal relative to its industry’s average investment signal. Stock selection views are designed to be approximately industry-neutral.

In the industry selection view, each industry is ranked as to how its industry average investment signal compares to the other industries. Industry selection views explicitly overweight or underweight industries as a whole.

The final aggregate view of the *Adviser* is a combination of the stock and industry views and all the underlying factors, resulting in a weight assigned to each stock, which is a cumulative measure of its overall attractiveness. The weighting for each stock reflects the anticipated level of excess return potential of that stock and is used by the *Adviser* to forecast anticipated “*alpha*” for that stock. The *Adviser* then combines the *alpha* forecasts for each stock with trading costs, liquidity constraints, and other portfolio constraints to create an optimal portfolio for each Fund. For Funds that are long only, the smallest weighting of an unattractive stock is zero. In contrast, any Fund that allows short sales will have negative weights (*i.e.*, short sales) for the least attractive stocks.

The *Adviser*’s portfolio optimization process also has a strong risk-control element. Since each “view” has an associated volatility forecast, it is possible to estimate the *tracking error* of each Fund (*i.e.*, the deviation in performance of a Fund’s underlying portfolio from its benchmark). The *Adviser* sets explicit *tracking error* targets for each Fund and its portfolio construction process takes into account how much each of the views contributes to the overall risk of each Fund.

Buys and sells for each Fund are made through periodic rebalancing. The *Adviser* monitors each Fund relative to moves in the *Adviser*’s proprietary models. The *Adviser* employs a rebalancing strategy that seeks to provide an optimal balance between maintaining up-to-date views and minimizing trading costs. Stock trading is primarily executed electronically through direct connections to exchanges that allow the *Adviser* to employ automated trading algorithms that place their trades in a liquidity-providing manner. By trading passively and providing liquidity to the market the *Adviser* seeks to reduce market impact costs and reduce the total cost of trading.

In summary, the *Adviser's* investment process for the Funds entails the following key steps:

Develop a ranking for each stock using a disciplined, systematic approach to analyze a wide variety of factors based on the underlying philosophy of value and momentum.

Combine these rankings into a Fund portfolio that takes into account trading costs, liquidity considerations, *tracking error* targets, and portfolio construction constraints (*e.g.* no shorting for Funds that do not enter into short sales).

Rebalance each Fund's portfolio in a manner that seeks to create a balance between keeping the portfolio in line with the ideal desired portfolio and the need to minimize trading costs.

Execute trades primarily in a highly automated and liquidity-providing manner to seek to reduce the total cost of trading.

INVESTMENT OBJECTIVE

The AQR Global Equity Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the MSCI World Total Return Index with Net Dividends Unhedged in U.S. Dollars (the *Global Equity Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Global Equity Benchmark* is a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, including the United States and Canada.

Under normal circumstances, the Fund will invest in instruments of companies located in a number of different countries throughout the world, one of which may be the United States; however the Fund has no limit on the amount of assets that may be invested in companies in each country. The Fund's portfolio normally will be managed by both overweighting and underweighting securities, countries and currencies relative to the *Global Equity Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. As of September 30, 2008, the weighting of U.S. companies in the *Global Equity Benchmark* was approximately 50%. The *Adviser* starts with the securities that are included in the *Global Equity Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach emphasizing both top-down country/currency allocation and bottom-up security selection decisions that include selection of individual stocks within industries as well as explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate an investment portfolio based on the *Adviser's* global asset allocation models and security selection procedures. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios for choosing individual equities and countries, and interest rate differentials for choosing currencies.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum for choosing individual equities and countries, and foreign exchange rate momentum for selecting currencies.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

The *Adviser* views the selection of individual securities, countries and currencies as three independent decisions. The *Adviser* may utilize country index futures, index swaps and foreign currency forwards to overweight or underweight the country and currency exposure of the overall portfolio relative to the *Global Equity Benchmark*.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in equity and equity-related instruments (including, but not limited to, exchange-traded funds, equity index futures, equity index swaps and depositary receipts). The Fund will invest in companies with a broad range of market capitalizations. The Fund has no market capitalization constraints. The Fund invests primarily in securities comprising the *Global Equity Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use options, warrants, equity swaps, financial futures contracts and other types of derivative instruments in seeking to achieve its investment objective. A portion of the Fund' s assets may be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The Fund may invest to a lesser extent in securities of issuers, countries and currencies not included in the *Global Equity Benchmark*. However, the *Adviser* does not currently expect such securities to be a significant component of the Fund' s investment portfolio.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund' s portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk

Foreign securities risk

New fund risk

Counterparty risk

Manager risk

Securities lending risk

Derivatives risk

Market risk

Value style risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives-Risk Factors" on pages 35 to 39 of this Prospectus.

PERFORMANCE INFORMATION

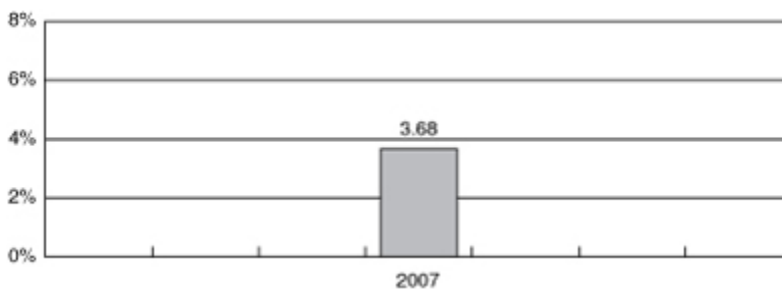
The AQR Global Equity Fund' s past performance (before and after taxes), as provided by the bar chart and performance table that follow, is not an indication of how the Fund will perform in the future. The chart and the table provide some indication of the risks of investing in the Fund by showing changes in the Fund' s performance from year to year and how the Fund' s returns compare to a broad measure of market performance.

A privately offered fund managed by the *Adviser* is expected to be reorganized into the Fund as of the date the Fund commenced operations (i.e., on or about January 19, 2009). This privately offered fund was organized in March 2006 and commenced operations in June 2006 and had an investment objective, investment policies and restrictions that were, in all material respects, the same as those of the Fund. However, the privately offered fund was not registered as an investment company under the *1940 Act*. In addition, this privately offered fund was not subject to certain investment limitations, diversification requirements, liquidity requirements, and other restrictions imposed by the *1940 Act* and the *Code* which, if applicable, might have adversely affected its performance.

The Fund's performance for periods prior to the commencement of operations on or about January 19, 2009 is that of the privately offered fund. The privately offered fund's total annual fund operating expenses during the periods presented were lower than the Fund's estimated total annual fund operating expenses for Class N Shares. The Fund has restated the privately offered fund's performance to reflect the Fund's fees, estimated expenses and fee waivers/expense limitations of Class N Shares upon their initial offering.

Class N Shares - Total Returns for Year Ended December 31

The bar chart below provides an illustration of how the Fund's performance has varied in each of the indicated calendar years.



Highest Quarterly Return	Lowest Quarterly Return
8.05% (4Q06)	-4.24% (4Q07)

During the third quarter of 2008, the Fund had a total return of -17.72% for Class N Shares.

Average Annual Total Returns for Years Ended December 31, 2007

The following table compares the Fund's average annual *total returns* for Class N Shares as of December 31, 2007 to the *Global Equity Benchmark*. The returns shown for the *Global Equity Benchmark* do not reflect the deduction of fees, expenses or taxes, because the *Global Equity Benchmark* is not a fund. You can not invest directly in an index.

	1 Year	Since Inception ***
AQR Global Equity Fund		
Return Before Taxes	3.68%	9.59%
Return After Taxes on Distributions*	2.24%	8.49%
Return After Taxes on Distributions and Sale of Fund Shares*	2.24%	7.63%
MSCI World Total Return Index with Net Dividends Unhedged (reflects no deductions for fees, expenses or taxes)**	9.04%	14.20%

As of September 30, 2008, Class N Shares of the Fund had a year-to-date return of -26.67, a one-year return of -29.78%, and a return since inception of -6.85%.

- * After-tax returns are calculated using the historical highest individual marginal tax rates and do not reflect the impact of state and local taxes. In some cases, the return after taxes may exceed the return before taxes due to an assumed benefit from any losses on a sale of Fund shares at the end of the measurement period. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.
- ** The MSCI World Total Return Index with Net Dividends Unhedged is a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, including the United States and Canada.
- *** The Fund's inception was on June 1, 2006

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class N Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	Class N
Redemption fee (as a percentage of amount redeemed)	2% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.40%
Distribution (12b-1) fee	0.25%
Other expenses	0.69%
Total annual fund operating expenses	1.34%
Less: Contractual fee and expense waivers ⁴	0.14%
Net annual fund operating expenses	1.20%

¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.

² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 2.00% on the proceeds from redemptions of shares held for 60 days or less.

³ This table shows the estimated operating expenses of Class N Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

⁴ The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.20% for Class N Shares, exclusive, among other items, of interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through December 31, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those

periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year

\$ 122

3 Years

\$ 396

INVESTMENT OBJECTIVE

The AQR International Equity Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the MSCI EAFE Total Return Index with Net Dividends Unhedged in U.S. Dollars (the *International Equity Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *International Equity Benchmark* is a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, excluding the United States and Canada.

The Fund's portfolio normally will be managed by both overweighting and underweighting securities, countries and currencies relative to the *International Equity Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *International Equity Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach emphasizing both top-down country/currency allocation and bottom-up security selection decisions that include selection of individual stocks within industries as well as explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate an investment portfolio based on the *Adviser's* global asset allocation models and security selection procedures. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously:

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios for choosing individual equities and countries, and interest rate differentials for choosing currencies.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum for choosing individual equities and countries, and foreign exchange rate momentum for selecting currencies.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

The *Adviser* views the selection of individual securities, countries and currencies as three independent decisions. The *Adviser* may utilize country index futures, index swaps and foreign currency forwards to overweight or underweight the country and currency exposure of the overall portfolio relative to the *International Equity Benchmark*.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in equity and equity-related instruments (including, but not limited to, exchange-traded funds, equity index futures, equity index swaps and depositary receipts). The Fund will invest in companies with a broad range of market capitalizations, including smaller capitalization companies. The Fund invests primarily in securities comprising the *International Equity Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use options, warrants, equity swaps, financial futures contract or other types of derivative instruments in seeking to achieve its investment objective. A portion of the Fund' s assets will be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The Fund may invest to a lesser extent in securities of issuers in countries and currencies not included in the *International Equity Benchmark*. However, the *Adviser* does not currently expect such securities to be a significant component of the Fund' s investment portfolio.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund' s portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk

Manager risk

Small cap securities risk

Counterparty risk

Market risk

Value style risk

Derivatives risk

New fund risk

Foreign securities risk

Securities lending risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives-Risk Factors" on pages 35 to 39 of this Prospectus.

PERFORMANCE INFORMATION

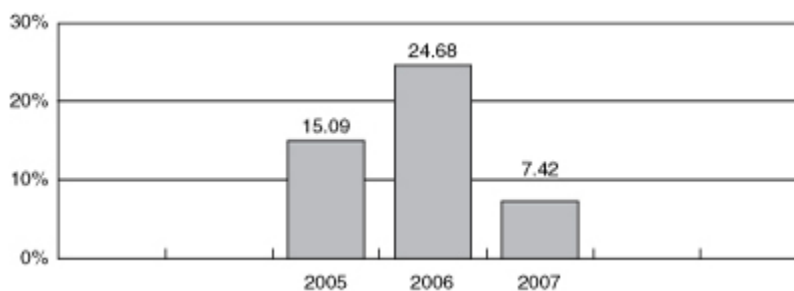
The AQR International Equity Fund' s past performance (before and after taxes), as provided by the bar chart and performance table that follow, is not an indication of how the Fund will perform in the future. The chart and the table provide some indication of the risks of investing in the Fund by showing changes in the Fund' s performance from year to year and how the Fund' s returns compare to a broad measure of market performance.

A privately offered fund managed by the *Adviser* is expected to be reorganized into the Fund as of the date the Fund commenced operations (i.e., on or about January 19, 2009). This privately offered fund was organized in June 2004 and commenced operations in August 2004 and had an investment objective, investment policies and restrictions that were, in all material respects, the same as those of the Fund. However, the privately offered fund was not registered as an investment company under the *1940 Act*. In addition, this privately offered fund was not subject to certain investment limitations, diversification requirements, liquidity requirements, and other restrictions imposed by the *1940 Act* and the *Code* which, if applicable, might have adversely affected its performance.

The Fund's performance for periods prior to the commencement of operations on or about January 19, 2009 is that of the privately offered fund. The privately offered fund's total annual fund operating expenses during the periods presented were lower than the Fund's estimated total annual fund operating expenses for Class N Shares. The Fund has restated the privately offered fund's performance to reflect the Fund's fees, estimated expenses and fee waivers/expense limitations of Class N Shares upon their initial offering.

Class N Shares - Total Returns for Years Ended December 31

The bar chart below provides an illustration of how the Fund's performance has varied in each of the indicated calendar years.



Highest Quarterly Return	Lowest Quarterly Return
14.72% (4Q04)	-4.34% (4Q07)

During the third quarter of 2008, the Fund had a total return of -25.17% for Class N Shares.

Average Annual Total Returns for Years Ended December 31, 2007

The following table compares the Fund's average annual *total returns* for Class N Shares as of December 31, 2007 to the *International Equity Benchmark*. The returns shown for the *International Equity Benchmark* do not reflect the deduction of fees, expenses or taxes, because the *International Equity Benchmark* is not a fund. You can not invest directly in an index.

	<u>1 Year</u>	<u>Since Inception ***</u>
AQR International Equity Fund		
Return Before Taxes	7.42%	19.43%
Return After Taxes on Distributions*	4.52%	17.18%
Return After Taxes on Distributions and Sale of Fund Shares*	4.52%	15.80%
MSCI EAFE Total Return Index with Net Dividends Unhedged (reflects no deductions for fees, expenses or taxes)**	11.17%	20.58%

As of September 30, 2008, Class N Shares of the Fund had a year-to-date return of -32.42%, a one year return of -35.35% and a return since inception of 5.29%.

* After-tax returns are calculated using the historical highest individual marginal tax rates and do not reflect the impact of state and local taxes. In some cases, the return after taxes may exceed the return before taxes due to an assumed benefit from any losses on a sale of Fund shares at the end of the measurement period. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

** The MSCI EAFE Total Return Index with Net Dividends Unhedged is a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, excluding the United States and Canada.

*** The Fund's inception was on August 1, 2004

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class N Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class N</u>
Redemption fee (as a percentage of amount redeemed)	2% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.45%
Distribution (12b-1) fee	0.25%
Other expenses	<u>0.66%</u>
Total annual fund operating expenses	1.36%
Less: Contractual fee and expense waivers ⁴	<u>0.11%</u>
Net annual fund operating expenses	1.25%

¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.

² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 2.00% on the proceeds from redemptions of shares held for 60 days or less.

³ This table shows the estimated operating expenses of Class N Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

⁴ The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.25% for Class N Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through December 31, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year	\$127
3 Years	\$408

INVESTMENT OBJECTIVE

The AQR International Small Cap Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the MSCI EAFE Small Cap Total Return Index with Net Dividends Unhedged in U.S. Dollars (the *International Small Cap Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *International Small Cap Benchmark* is a free float-adjusted market capitalization index that is designed to measure the performance of smaller capitalization equities in developed markets, excluding the United States and Canada.

The Fund's portfolio normally will be managed by both overweighting and underweighting securities relative to the *International Small Cap Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *International Small Cap Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach that includes both selection of individual stocks within industries and explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate its investment portfolio. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum and earnings momentum.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

Generally the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in instruments of or related to smaller capitalization issuers. For this purpose, the *Adviser* considers issuers with market capitalizations that are similar to those that qualify for inclusion in the *International Small Cap Benchmark* to be smaller capitalization issuers. The Fund will invest in securities whose market capitalization is below \$5 billion at the time of purchase.

The *Adviser* invests primarily in securities comprising the *International Small Cap Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use equity or equity-related instruments, options, warrants, equity swaps, financial futures contract or other types of derivative instruments in seeking to achieve its investment objective. A portion of the Fund's assets will be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The Fund may invest to a lesser extent in securities of issuers and countries not included in the *International Small Cap Benchmark*. However, the *Adviser* does not currently expect such securities to be a significant component of the Fund' s investment portfolio.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund' s portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

Common stock risk

Foreign securities risk

New fund risk

Counterparty risk

Manager risk

Securities lending risk

Derivatives risk

Market risk

Small cap securities risk

Value style risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives-Risk Factors" on pages 35 to 39 of this Prospectus.

PERFORMANCE INFORMATION

As the AQR International Small Cap Fund has not yet commenced operations as of the date of this prospectus, no full calendar year performance information is available.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class N Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class N</u>
Redemption fee (as a percentage of amount redeemed)	2% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.70%
Distribution (12b-1) fee	0.25%
Other expenses	<u>0.75%</u>
Total annual fund operating expenses	1.70%
Less: Contractual fee and expense waivers ⁴	<u>0.10%</u>
Net annual fund operating expenses	1.60%

¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.

² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 2.00% on the proceeds from redemptions of shares held for 60 days or less.

³ This table shows the estimated operating expenses of Class N Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

⁴ The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.60% for Class N Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through April 30, 2010

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those

periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year	\$163
3 Years	\$522

INVESTMENT OBJECTIVE

The AQR Emerging Markets Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the MSCI Emerging Markets Total Return Index with Net Dividends Unhedged in U.S. Dollars (the *Emerging Markets Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Emerging Markets Benchmark* is a free float-adjusted market capitalization index that is designed to measure the performance of equities in emerging markets.

The Fund's portfolio normally will be managed by both overweighting and underweighting securities, countries and currencies relative to the *Emerging Markets Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *Emerging Markets Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach emphasizing both top-down country/currency allocation and bottom-up security selection decisions that include selection of individual stocks within industries as well as explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate an investment portfolio based on the *Adviser's* global asset allocation models and security selection procedures. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios for choosing individual equities and countries, and interest rate differentials for choosing currencies.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum for choosing individual equities and countries, and foreign exchange rate momentum for selecting currencies.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

The *Adviser* views the selection of individual securities, countries and currencies as three independent decisions. The *Adviser* may utilize country index futures, index swaps and foreign currency forwards to overweight or underweight the country and currency exposure of the overall portfolio relative to the *Emerging Markets Benchmark*.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for

investment purposes) in equity and equity-related instruments (including, but not limited to, exchange-traded funds, equity index futures, equity index swaps and depositary receipts) of emerging market countries. For this purpose, the *Adviser* considers an emerging market country to be one whose economy or markets are similar to those included in the *Emerging Markets Benchmark*. The criteria used by the Adviser to make this determination include, but are not limited to, the following: gross domestic product per capita, OECD membership, currency regime, restrictions on investment, political risk, market liquidity, and other similar considerations.

The *Adviser* invests primarily in securities comprising the *Emerging Markets Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use options, warrants, equity swaps, financial futures contracts and other types of derivative instruments in seeking to achieve its investment objective. A portion of the Fund' s assets may be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The Fund may invest to a lesser extent in securities of issuers, countries and currencies not included in the *Emerging Markets Benchmark*. However, the *Adviser* does not currently expect such securities to be a significant component of the Fund' s investment portfolio.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund' s portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk

Emerging markets risk

Market risk

Counterparty risk

Foreign securities risk

New fund risk

Derivatives risk

Manager risk

Securities lending risk

Value style risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives-Risk Factors" on pages 35 to 39 of this Prospectus.

PERFORMANCE INFORMATION

As the AQR Emerging Markets Fund has not yet commenced operations as of the date of this prospectus, no full calendar year performance information is available.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class N Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class N</u>
Redemption fee (as a percentage of amount redeemed)	2% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.70%
Distribution (12b-1) fee	0.25%
Other expenses	<u>0.79%</u>
Total annual fund operating expenses	1.74%
Less: Contractual fee and expense waivers ⁴	<u>0.14%</u>
Net annual fund operating expenses	1.60%

¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.

² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 2.00% on the proceeds from redemptions of shares held for 60 days or less.

³ This table shows the estimated operating expenses of Class N Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

⁴ The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.60% for Class N Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year	\$163
3 Years	\$529

INVESTMENT OBJECTIVE

The AQR Equity Plus Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the Russell 1000[®] Index (the *Equity Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Equity Benchmark* is designed to measure the performance of larger capitalization equities in the United States.

The Fund's portfolio normally will be managed by both overweighting and underweighting or selling short securities relative to the *Equity Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *Equity Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach that includes both selection of individual stocks within industries and explicit industry/sector selection.

The term "Plus" in the Fund's name refers to the ability of the Fund to sell securities short. In a traditional fund that does not permit short sales of securities, the fund's adviser can at most assign a zero weighting to securities that the adviser expected to underperform. In this Fund, the *Adviser* can actually sell securities short that the *Adviser* views as likely to go down in value or underperform. When the Fund sells a security short, it borrows the security from a third party and sells it at the then current market price. The Fund is then obligated to buy the security on a later date so that it can return the security to the lender. In addition, the ability of the Fund to sell securities short should enable the Fund to invest in additional securities as long positions while normally keeping the overall net exposure to the market the same as a traditional long-only strategy.

The Fund generally will hold (i) long positions, either directly or through derivatives, equal to approximately 130% of the Fund's net assets and (ii) short positions, either directly or through derivatives, equal to approximately 30% of the Fund's net assets. The Fund intends to maintain an approximate net 100% long exposure to the equity market (i.e., long market value minus short market value). The long and short positions held by the Fund may vary over time as market opportunities develop. Under normal market conditions, the Fund's long positions may range from 120% to 140% of its net assets and its short positions may range from 20% to 40% of its net assets. However, in times of unusual or adverse market, economic or political conditions, the Fund's long positions may be less than 120% of its net assets and/or its short positions may be less than 20% of its net assets.

The *Adviser* uses a set of value, momentum and economic factors to generate its investment portfolio. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum and earnings momentum.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

The Fund invests primarily in securities comprising the *Equity Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use equity or equity-related instruments, options, warrants, financial futures contracts and other types of derivative instruments in seeking to achieve its investment objective. The Fund may invest to a lesser extent in securities of companies not included in the *Equity Benchmark*. A portion of the Fund's assets may be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund's portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk	Leveraging risk	Securities lending risk
Counterparty risk	Manager risk	Short sale risk
Derivatives risk	Market risk	Value style risk
High portfolio turnover risk	New fund risk	Volatility risk

PERFORMANCE INFORMATION

As the AQR Equity Plus Fund has not yet commenced operations as of the date of this prospectus, no full calendar year performance information is available.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class N Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class N</u>
Redemption fee (as a percentage of amount redeemed)	1% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.70%
Distribution (12b-1) fee	0.25%
Other expenses	
Dividends on short sales ⁴	0.13%
All other expenses	<u>1.12%</u>
Total annual fund operating expenses	2.20%
Less: Contractual fee and expense waivers ⁵	<u>0.47%</u>
Net annual fund operating expenses	1.73%

¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.

² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 1.00% on the proceeds from redemptions of shares held for 60 days or less.

- 3 This table shows the estimated operating expenses of Class N Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.
- 4 Dividends on short sales are dividends paid to lenders on borrowed securities. These expenses relating to dividends on short sales are estimated and will vary depending on whether the securities the Fund sells short pay dividends and on the size of such dividends.
- 5 The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.60% for Class N Shares, exclusive of interest, taxes, dividend expense, borrowing costs, acquired fund fees and expenses, interest expense related to short sales, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year	\$176
3 Years	\$627

INVESTMENT OBJECTIVE

The AQR Small Cap Core Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the Russell 2000[®] Index (the *Small Cap Core Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Small Cap Core Benchmark* is designed to measure the performance of smaller capitalization equities in the United States.

The term “core” for purposes of this Fund means investment generally in a combination of growth and value stocks. The Fund’s portfolio normally will be managed by both overweighting and underweighting securities relative to the *Small Cap Core Benchmark*, using the *Adviser’s* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *Small Cap Core Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach that includes both selection of individual stocks within industries and explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate its investment portfolio. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum and earnings momentum.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser’s* proprietary research.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in instruments of or related to smaller capitalization issuers. For this purpose, the *Adviser* considers issuers with market capitalizations that are similar to those that qualify for inclusion in the *Small Cap Core Benchmark* to be smaller capitalization issuers. The Fund will invest in securities whose market capitalization is below \$3 billion at the time of purchase.

The Fund invests primarily in securities comprising the *Small Cap Core Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use equity or equity-related instruments, options, warrants, financial futures contracts and other types of derivative instruments in seeking to achieve its investment objective. The Fund may invest to a lesser extent in securities of companies not included in the *Small Cap Core Benchmark*. A portion of the Fund’s assets may be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund's portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk

Manager risk

Securities lending risk

Counterparty risk

Market risk

Small cap securities risk

Derivatives risk

New fund risk

Value style risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives—Risk Factors" on pages 35 to 39 of this Prospectus.

PERFORMANCE INFORMATION

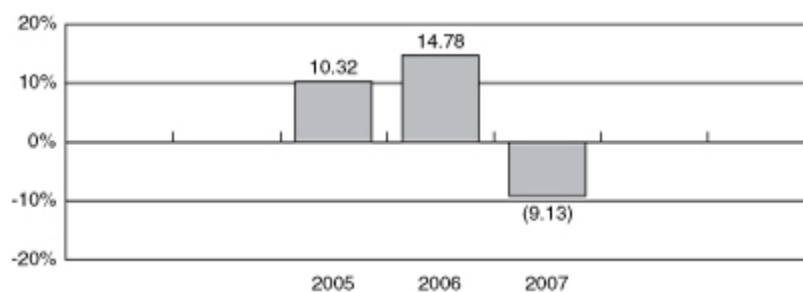
The AQR Small Cap Core Fund's past performance (before and after taxes), as provided by the bar chart and performance table that follow, is not an indication of how the Fund will perform in the future. The chart and the table provide some indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and how the Fund's returns compare to a broad measure of market performance.

A privately offered fund managed by the *Adviser* is expected to be reorganized into the Fund as of the date the Fund commenced operations (i.e., on or about January 19, 2009). This privately offered fund was organized in November 2004 and commenced operations on December 1, 2004. It had an investment objective, investment policies and restrictions that were, in all material respects, the same as those of the Fund. However, the privately offered fund was not registered as an investment company under the *1940 Act*. In addition, this privately offered fund was not subject to certain investment limitations, diversification requirements, liquidity requirements, and other restrictions imposed by the *1940 Act* and the *Code* which, if applicable, might have adversely affected its performance.

The Fund's performance for periods prior to the commencement of operations on or about January 19, 2009 is that of the privately offered fund. The privately offered fund's total annual fund operating expenses during the periods presented were lower than the Fund's estimated total annual fund operating expenses for Class N Shares. The Fund has restated the privately offered fund's performance to reflect the Fund's fees, estimated expenses and fee waivers/expense limitations of Class N Shares upon their initial offering.

Class N Shares - Total Returns for Years Ended December 31

The bar chart below provides an illustration of how the Fund's performance has varied in each of the indicated calendar years.



Highest Quarterly Return	Lowest Quarterly Return
13.21% (1Q06)	-7.82% (3Q07)

During the third quarter of 2008, the fund had a total return of -0.34% for Class N Shares.

Average Annual Total Returns for Periods Ended December 31, 2007

The following table compares the Fund's average annual *total returns* for Class N Shares as of December 31, 2007 to the *Small Cap Core Benchmark*. The returns shown for the *Small Cap Core Benchmark* do not reflect the deduction of fees, expenses or taxes, because the *Small Cap Core Benchmark* is not a fund. You can not invest directly in an index.

	<u>1 Year</u>	<u>Since Inception ***</u>
AQR Small Cap Core Fund		
Return Before Taxes	-9.13%	6.13%
Return After Taxes on Distributions*	-9.59%	5.44%
Return After Taxes on Distributions and Sale of Fund Shares*	-9.59%	4.91%
Russell 2000 Index (reflects no deductions for fees, expenses or taxes)**	-1.57%	7.62%

As of September 30, 2008, Class N Shares of the Fund had a year-to-date return of -10.27%, a one-year return of -16.55% and a return since inception of 1.98%.

* After-tax returns are calculated using the historical highest individual marginal tax rates and do not reflect the impact of state and local taxes. In some cases, the return after taxes may exceed the return before taxes due to an assumed benefit from any losses on a sale of Fund shares at the end of the measurement period. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

** The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe

*** The Fund's inception was on December 1, 2004

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class N Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class N</u>
Redemption fee (as a percentage of amount redeemed)	1% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.70%
Distribution (12b-1) fee	0.25%
Other expenses	<u>1.07%</u>
Total annual fund operating expenses	2.02%
Less: Contractual fee and expense waivers ⁴	<u>0.62%</u>
Net annual fund operating expenses	1.40%

¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.

² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 1.00% on the proceeds from redemptions of shares held for 60 days or less.

³ This table shows the estimated operating expenses of Class N Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

- 4 The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.40% for Class N Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year	\$143
3 Years	\$552

INVESTMENT OBJECTIVE

The AQR Small Cap Growth Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the Russell 2000[®] Growth Index (the *Small Cap Growth Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Small Cap Growth Benchmark* is designed to measure the performance of smaller capitalization equities with above-average price-to-book ratios and forecasted growth rates in the United States.

The Fund's portfolio normally will be managed by both overweighting and underweighting securities relative to the *Small Cap Growth Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *Small Cap Growth Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach that includes both selection of individual stocks within industries and explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate its investment portfolio. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures. Examples of value strategies include using price-to-earnings and price-to-book ratios. Since the AQR Small Cap Growth Fund invests primarily in companies included in the *Small Cap Growth Benchmark*, the application of value strategies seeks to identify securities that display good relative value among companies that share growth characteristics.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum and earnings momentum.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in instruments of or related to smaller capitalization issuers. For this purpose, the *Adviser* considers issuers with market capitalizations that are similar to those that qualify for inclusion in the *Small Cap Growth Benchmark* to be smaller capitalization issuers. The Fund will invest in securities whose market capitalization is below \$3 billion at the time of purchase.

The Fund invests primarily in securities comprising the *Small Cap Growth Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use

equity or equity-related instruments, options, warrants, financial futures contracts and other types of derivative instruments in seeking to achieve its investment objective. The Fund may invest to a lesser extent in securities of companies not included in the *Small Cap Growth Benchmark*. A portion of the Fund's assets may be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund's portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk

Growth style risk

New fund risk

Counterparty risk

Manager risk

Securities lending risk

Derivatives risk

Market risk

Small cap securities risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives—Risk Factors" on pages 35 to 39 of this Prospectus.

PERFORMANCE INFORMATION

As the AQR Small Cap Growth Fund has not yet commenced operations as of the date of this prospectus, no full calendar year performance information is available.

PERFORMANCE INFORMATION

As the AQR Small Cap Growth Fund has not yet commenced operation as of the date of this prospectus, no full year calendar performance information is available.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class N Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class N</u>
Redemption fee (as a percentage of amount redeemed)	1% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.70%
Distribution (12b-1) fee	0.25%
Other expenses	<u>1.06%</u>
Total Annual Fund Operating Expenses	2.01%
Less: Contractual Fee and Expense Waivers ⁴	<u>0.51%</u>
Net Annual Fund Operating Expenses	1.50%

¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.

² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 1.00% on the proceeds from redemptions of shares held for 60 days or less.

³ This table shows the estimated operating expenses of Class N Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

⁴ The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.50% for Class N Shares, exclusive of, among other items, interest,

taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year	\$153
3 Years	\$563

INVESTMENT OBJECTIVE

The AQR Diversified Arbitrage Fund seeks long-term absolute (positive) returns.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the Merrill Lynch 3 Month Treasury Bill Index (the *Absolute Return Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Absolute Return Benchmark* is designed to measure the performance of a high-quality short-term cash-equivalent investment. An investment in the Fund is more volatile than an investment in Treasury Bills, and is also not backed by the full faith and credit of the U.S. government

The Fund invests in a diversified portfolio of arbitrage and alternative investment strategies employed by hedge funds and proprietary trading desks of investment banks, including merger arbitrage, convertible arbitrage, and other kinds of arbitrage or alternative investment strategies described more fully below. The *Sub-Adviser* tactically allocates the Fund's assets across alternative investment strategies with desirable anticipated returns based on market conditions.

The *Sub-Adviser* will utilize hedging strategies with the intent of (i) reducing the risk associated with each of the arbitrage strategies; (ii) keeping the overall volatility of the Fund's net asset value relatively low; and (iii) keeping a relatively low correlation with the overall equity market. As conditions warrant, the Fund may borrow from banks to increase its portfolio holdings of securities. The *1940 Act* requires the Fund to maintain continuous asset coverage of not less than 300% with respect to all borrowings. This allows the Fund to borrow for such purposes an amount equal to as much as 33 1/3% of the value of its total assets.

The Fund will also engage extensively in short sales of securities. When the Fund sells a security short, it borrows the security from a third party and sells it at the then current market price. The Fund is then obligated to buy the security on a later date so that it can return the security to the lender. For arbitrage strategies, the Fund will generally buy securities and simultaneously sell securities short in amounts that are intended to result in an approximately neutral economic exposure to overall market movements.

In response to recent market events, regulatory authorities in various countries, including the United States, United Kingdom and several European countries, have enacted rules prohibiting the short-selling of certain stocks and/or naked short selling (i.e., selling short without having stock available for delivery and intentionally failing to deliver stock within the standard settlement cycle). The length and extent of the bans and type of securities included in the bans vary from country to country. In most cases, the bans focus on the short selling of financial stocks and/or naked short selling. These bans may restrict the Fund's ability to fully implement its strategy.

The Fund normally invests primarily in equity or convertible debt securities. The Fund has no policy with respect to the credit rating, maturity or duration of the debt securities in which it may invest, and may invest in debt securities of any credit rating, maturity or duration. In response to adverse market, economic or other conditions, such as the availability of attractive arbitrage opportunities (or lack thereof) and the level of merger activity, the Fund may temporarily invest a substantial portion of its assets in cash or cash-equivalent securities. During such periods it may not achieve its investment objective.

Examples of Arbitrage and Other Alternative Investment Strategies:

Merger Arbitrage: When engaging in merger arbitrage, the *Sub-Adviser* buys shares of the “target” company in a proposed merger or other reorganization between two companies. If the transaction is for the stock of the acquirer, the *Sub-Adviser* may seek to hedge the exposure to the acquirer by shorting the stock of the acquiring company in an amount determined with reference to the exchange ratio specified in the agreement between the acquirer and the target company.

Merger arbitrage investments are based on the premise that when a merger or similar deal between two companies is announced, the stock price of the target generally increases substantially as a result of the premium offered by the acquirer, but trades at a small discount to the consideration offered by the acquirer until the deal closes.

While most corporate deals close successfully, many investors holding a target company’s shares may choose to sell them before closing to avoid the potential for a steep loss in value if the transaction fails to close.

The discount in the value of the target company’s stock reflects the tension between (i) the likelihood of a completed transaction paying a certain amount of consideration for a target’s shares and (ii) the willingness of holders of the target’s stock to sell their stock at a discount prior to closing to lock in gains and avoid the risk of a significant loss in value of the target’s stock if the transaction does not close.

The Fund invests in stocks of target companies in potential merger transactions based on the *Sub-Adviser’s* expected risk-adjusted return for the arbitrage transaction. In most cases, the Fund will buy the target’s stock soon after the announcement of the merger transaction and in most cases will hold the stock until the deal is completed. While the Fund will usually invest in the common stock of the target, it may also invest in other securities of the target such as convertible debentures, options, and bonds. The Fund generally invests in target firms located in the United States, but may also invest in target firms located in other countries if circumstances warrant.

Convertible Arbitrage: When employing a convertible arbitrage strategy, the *Sub-Adviser* invests in *Convertible Securities* trading at substantial discounts to their fundamental values and attempts to mitigate the various risks associated with investing in such *Convertible securities*.

A *Convertible Security* is a debenture or a preferred security that the holder may exchange into the common stock of a company at a pre-specified rate of conversion under certain circumstances. Because it offers an option to convert the security into common stock, the convertible security pays less interest or preferred dividend than any comparable non-convertible debt or preferred stock issued by the company.

Convertible Securities are a substantial source of capital for many companies, especially those with high risk, low cash flows and immediate need for funding. Convertible securities are usually sold at a discount to their fundamental value and, given their limited liquidity, normally trade at a discount in the secondary market for a lengthy period of time until they mature, are redeemed or otherwise extinguished by corporate action.

Convertible arbitrageurs (such as the Fund) normally are the primary participants in the *Convertible Securities* market, and typically buy the *Convertible Security* and seek to mitigate the various risks associated with the security (*i.e.*, equity risk, credit risk, and interest rate risk) by using various investment strategies. For example, equity risk may be hedged by *shorting* the stock of the issuer in an amount based on the sensitivity of the *Convertible Security* to the issuer's stock.

In most cases, the holding period for an investment by the Fund in a convertible arbitrage trade will be longer than a year, and could be several years for some investments. The Fund generally will hold *Convertible Securities* of domestic issuers, but may purchase *Convertible Securities* of foreign issuers if circumstances warrant.

Other arbitrage strategies: The *Sub-Adviser* also may employ other arbitrage strategies, such as “when-issued trading” arbitrage, “stub-trading” arbitrage and “dual-class” arbitrage.

When-issued arbitrage takes advantage of inefficiencies in the prices at which a parent's and subsidiary's stock are trading on a “when-issued” basis immediately prior to the spin-off of the subsidiary.

Stub-trading arbitrage takes advantage of inefficiencies in the prices at which a stock of a publicly traded parent corporation and its publicly traded subsidiary are trading.

Dual-class arbitrage takes advantage of inefficiencies in the prices at which different classes of a publicly traded company's stock are trading.

The Fund may employ additional arbitrage strategies as they arise.

Other Types of Alternative Investment Strategies: The *Sub-Adviser* also pursues other, non-arbitrage “alternative” investment strategies as the *Sub-Adviser* sees market opportunities to do so. For example, the Fund expects to enter into “price pressure” trades, and may invest in or engage in trading relative to “SPACs” (special purpose acquisition vehicles), short-term debt, distressed securities, and “PIPEs” (private investments in public entities).

When the Fund enters into “price pressure” trades, it seeks to take advantage of situations in which concentrated buying or selling of securities by a particular group of investors overwhelms the regular trading for the security and affects the price at which the security trades. The Fund will buy stocks subject to price pressure and will hedge these purchases by shorting market indices or comparable stocks.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund's portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Arbitrage risk

Foreign securities risk

Market risk

Common stock risk

High portfolio turnover Risk

New fund risk

Counterparty risk

Illiquid investments risk

Securities lending risk

Derivatives risk

Leverage risk

Short sale risk

Manager risk

Volatility risk

For more information on risks, see “How the Funds Pursue Their Investment Objectives-Risk Factors” on pages 35 to 39 of this Prospectus.

PERFORMANCE INFORMATION

As the AQR Diversified Arbitrage Fund has not yet commenced operations as of the date of this prospectus, no full calendar year performance information is available.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class N Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class N</u>
Redemption fee (as a percentage of amount redeemed)	1% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.70%
Distribution (12b-1) fee	0.25%
Other expenses	
Dividends on short sales ⁴	0.25%
All other expenses	<u>1.12%</u>
Total annual fund operating expenses	2.32%
Less: Contractual fee and expense waivers ⁵	<u>0.57%</u>
Net annual fund operating expenses	1.75%

¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.

² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 1.00% on the proceeds from redemptions of shares held for 60 days or less.

³ This table shows the estimated operating expenses of Class N Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

- 4 Dividends on short sales are dividends paid to lenders on borrowed securities. These expenses relating to dividends on short sales are estimated and will vary depending on whether the securities the Fund sells short pay dividends and on the size of such dividends.
- 5 The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.50% for Class N Shares, exclusive of interest, taxes, dividend expense, borrowing costs, acquired fund fees and expenses, interest expense related to short sales, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year	\$178
3 Years	\$650

RELATED PERFORMANCE INFORMATION

AQR SMALL CAP GROWTH FUND

The information set forth below shows historical total returns for a privately offered fund. The fund had investment objectives and policies that are substantially similar to those of the AQR Small Cap Growth Fund. The *Adviser* intends to manage the AQR Small Cap Growth Fund in a manner substantially similar to that of the fund.

The performance information is historical of the *Adviser* in managing a privately offered fund with substantially similar investment objectives and policies and should not be considered predictive of the Fund's future results. The fund was not registered as an investment company under the *1940 Act*. In addition, this fund was not subject to certain investment limitations, diversification requirements, liquidity requirements, and other restrictions imposed by the *1940 Act* and the *Code* which, if applicable, might have adversely affected its performance.

The manner in which the performance was calculated for the privately offered fund differs from that of registered *mutual funds* such as the Fund. This composite performance data was calculated in accordance with Global Investment Performance Standards ("GIPS"). All returns presented were calculated on a total return basis and include all dividends and interest, accrued income, and realized and unrealized gains and losses. Securities are valued as of trade-date. The currency used to express performance in the composite is U.S. dollars. The performance information shown below is not necessarily representative of the performance information that typically would be shown for a registered *mutual fund*.

The privately offered fund's total annual operating expenses during the periods presented were lower than the Fund's estimated total annual fund operating expenses for Class N Shares. The performance presented has been restated to reflect the Fund's fees, estimated expenses and fee waivers/expense limitations for Class N Shares upon their initial offering.

Prior Performance of Similar Fund Managed by the *Adviser*

Average Annual Total Return for Periods Ended September 30, 2008

	<u>1 Year</u>	<u>5 Year</u>	<u>Since Inception **</u>
AQR Small Cap Growth Fund, LLC	-19.95%	4.85%	3.31%
Russell 2000 Growth Index (reflects no deductions for fees, expenses or taxes)*	-17.07%	6.52%	3.92%

* The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe

** The Fund's inception was on February 1, 2002

HOW THE FUNDS PURSUE THEIR INVESTMENT OBJECTIVES

INVESTMENT TECHNIQUES

In addition to the principal investment strategies described above, each of the Funds may employ the following technique in pursuing their investment objectives.

Securities Lending. To attempt to increase its income or total return, a Fund may lend its portfolio securities to certain types of eligible borrowers. A Fund may lend its portfolio securities to certain types of eligible borrowers in amounts up to 33 1/3% of its total assets, which may include collateral. Each loan will be secured continuously by collateral in the form of cash, high quality money market instruments or securities issued by the U.S. government or its agencies or instrumentalities. Collateral will be received and maintained by a Fund's custodian concurrent with delivery of the loaned securities and kept in a segregated account or designated on the records of the custodian for the benefit of a Fund. A Fund has a right to call a loan at any time and require the borrower to redeliver the borrowed securities to the Fund within the settlement time specified in the loan agreement or be subject to a "buy in". A Fund will generally not have the right to vote securities while they are being loaned, but it is expected that the *Adviser* or *Sub-Adviser*, as applicable, will call a loan in anticipation of any important vote. Securities lending will be conducted by a securities lending agent approved by the Trust's *Board of Trustees*. The securities lending agent maintains a list of broker-dealers, banks or other institutions that it has determined to be creditworthy. A Fund will only enter into loan arrangements with borrowers on the approved list.

RISK FACTORS

All investments, including those in *mutual funds*, have risks, and no one investment is suitable for all investors. Each Fund is intended for long-term investors. You may be subject to the risks described below if you invest in a Fund, based on the risks identified for a particular Fund in that Fund's description above.

Arbitrage Risk: A Fund employing arbitrage strategies has the risk that the anticipated arbitrage opportunity does not play out as planned, resulting in potentially reduced returns or losses to the Fund as it unwinds its trade.

Common Stock Risk: Each Fund invests significantly in common stocks, which are a type of equity security that represents an ownership interest in a corporation. Common stocks are subject to greater fluctuations in market value than other asset classes as a result of such factors as a company's business performance, investor perceptions, stock market trends and general economic conditions. The rights of common stockholders are subordinate to all other claims on a company's assets, including debt holders and preferred stockholders. Therefore, a Fund could lose money if a company in which it invests becomes financially distressed.

Counterparty Risk: The *Adviser* or *Sub-Adviser* may make use of futures, forwards, swaps and other forms of derivative contracts. In general, a derivative contract (including options, as described below) typically involves leverage, i.e., it provides exposure to potential gain or loss from a change in the level of the market price of a security, currency or commodity (or a basket or index) in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivative contract. Many of these derivative contracts will be privately negotiated in the over-the-counter market. These contracts also involve exposure to credit risk, since contract performance depends in part on the financial condition of the counterparty. If a privately negotiated over-the-counter contract calls for payments by a Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of agreements with such counterparty can be expected to decline, potentially resulting in losses by a Fund.

Derivatives Risk: The use of derivative instruments exposes a Fund to additional risks and transaction costs. These instruments come in many varieties and have a wide range of potential risks and rewards, and may include futures contracts, options on futures contracts, options (both written and purchased), swaps, and forward currency exchange contracts. Risks of these instruments include:

that interest rates, securities prices and currency markets will not move in the direction that the portfolio managers anticipate;

that prices of the instruments and the prices of underlying securities, interest rates or currencies they are designed to reflect do not move together as expected;

that the skills needed to use these strategies are different than those needed to select portfolio securities;

the possible absence of a liquid secondary market for any particular instrument and, for exchange-traded instruments, possible exchange-imposed price fluctuation limits, either of which may make it difficult or impossible to close out a position when desired;

that adverse price movements in an instrument can result in a loss substantially greater than a Fund's initial investment in that instrument (in some cases, the potential loss is unlimited);

particularly in the case of privately-negotiated instruments, that the counterparty will not perform its obligations, which could leave a Fund worse off than if it had not entered into the position;

the inability to close out certain hedged positions to avoid adverse tax consequences, and the fact that some of these instruments, such as credit default swaps, may have uncertain tax implications for the Funds;

the fact that "speculative position limits" imposed by the Commodity Futures Trading Commission and certain futures exchanges on net long and short positions may require the Funds to limit or unravel positions in certain types of instruments; and

the high levels of volatility some of these instruments may exhibit, in some cases due to the high levels of leverage an investor may achieve with them.

Emerging Market Risk: A Fund investing in emerging markets will, among other things, be exposed to all the risks described below in the Foreign Securities Risk section, and you should review that section carefully. However, there are greater risks involved in investing in emerging market countries and/or their securities markets than there are in more developed countries

and/or markets. Generally, economic structures in these countries are less diverse and mature than those in developed countries, and their political systems are less stable. Investments in emerging market countries may be affected by national policies that restrict foreign investment in certain issuers or industries. The small size of their securities markets and low trading volumes can make investments illiquid and more volatile than investments in developed countries and such securities may be subject to abrupt and severe price declines. A Fund investing in emerging market countries may be required to establish special custody or other arrangements before investing. In addition, because the securities settlement procedures are less developed in these countries, a Fund may be required to deliver securities before receiving payment and may also be unable to complete transactions during market disruptions. The possible establishment of exchange controls or freezes on the convertibility of currency might adversely affect an investment in foreign securities.

Foreign Securities Risk: A Fund's investments in foreign securities, including depositary receipts, involve risks not associated with investing in U.S. securities. Foreign markets may be less liquid, more volatile and subject to less government supervision than domestic markets. There may be difficulties enforcing contractual obligations, and it may take more time for trades to clear and settle. The specific risks of investing in foreign securities, among others, include:

Currency Risk: The risk that changes in currency exchange rates will negatively affect securities denominated in, and/or receiving revenues in, foreign currencies. Adverse changes in currency exchange rates (relative to the U.S. dollar) may erode or reverse any potential gains from the Funds' investments in securities denominated in a foreign currency or may widen existing losses. To the extent that a Fund is invested in foreign securities while also maintaining currency positions, it may be exposed to greater combined risk. A Fund's net currency positions may expose it to risks independent of its securities positions.

Geographic Risk: If a Fund concentrates its investments in issuers located or doing business in any country or region, factors adversely affecting that country or region will affect the Fund's net asset value more than would be the case if the Fund had made more geographically diverse investments. The economies and financial markets of certain regions, such as Latin America or Asia, can be highly interdependent and decline all at the same time.

Political/Economic Risk: Changes in economic and tax policies, government instability, war or other political or economic actions or factors may have an adverse effect on a Fund's foreign investments, potentially including expropriation and nationalization, confiscatory taxation, and the potential difficulty of repatriating funds to the United States.

Regulatory Risk: Issuers of foreign securities and foreign securities markets are generally not subject to the same degree of regulation as are U.S. issuers and U.S. securities markets. The reporting, accounting and auditing standards of foreign countries may differ, in some cases significantly, from U.S. standards.

Transaction Costs Risk: The costs of buying and selling foreign securities, including tax, brokerage and custody costs, generally are higher than those involving domestic transactions.

Use of Foreign Currency Forward Agreements: Foreign currency forward prices are influenced by, among other things, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency devaluations and revaluations. Investments in currency forward contracts may cause a Fund to maintain net short positions in any currency, including home country currency. In other words, the total value of short exposure to such currency (such as short spot and forward positions in such currency) may exceed the total value of long exposure to such currency (such as long individual equity positions, long spot and forward positions in such currency).

Growth Style Risk: Growth investing involves buying stocks that have relatively high price-to-earnings ratios. Growth stocks may be more volatile than other stocks because they are generally more sensitive to investor perceptions and market moves. During periods of growth stock underperformance, the investment performance of a Fund using a growth stock strategy may suffer.

High Portfolio Turnover Risk: To the extent that a Fund makes investments on a shorter-term basis, the Fund may as a result trade more frequently and incur higher levels of brokerage fees and commissions, and cause higher levels of current tax liability to shareholders in the Fund.

Illiquid Investments Risk: If a Fund invests in illiquid investments, it may experience difficulty in selling the investments in a timely manner at the price it believes the investments are worth. If it needs to sell the investments quickly, for example to satisfy Fund shareholder redemption requests, it may be unable to do so, or to do so at a price the *Adviser* or *Sub-Adviser* deems appropriate.

Leveraging Risk: If a Fund uses leverage through activities such as borrowing, entering into short sales, purchasing securities on margin or on a “when-issued” basis or purchasing derivative instruments in an effort to increase its returns, the Fund has the risk of magnified capital losses that occur when losses affect an asset base, enlarged by borrowings or the creation of liabilities, that exceeds the net assets of the Fund. The net asset value of a Fund employing leverage will be more volatile and sensitive to market movements. Leverage may involve the creation of a liability that requires a Fund to pay interest.

Manager Risk: If a Fund’s portfolio managers make poor investment decisions, it will negatively affect the Fund’s investment performance.

Market Risk: Each Fund is subject to market risk, which is the risk that the markets on which the Fund’s investments trade will increase or decrease in value. Market risk applies to every Fund investment. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. If there is a general decline in the securities and other markets, your investment in a Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests.

New Fund Risk: The Trust and Funds are newly-formed, and the *Adviser* has not previously served as the primary adviser, and the *Sub-Adviser* has not previously served as an investment

Sub-Adviser to an investment company registered under the *1940 Act*. Accordingly, investors in a Fund bear the risk that the Fund may not be successful in implementing its investment strategy, and may not employ a successful investment strategy, any of which could result in the Fund being liquidated at any time without shareholder approval and at a time that may not be favorable for all shareholders. Such a liquidation could have negative tax consequences for shareholders.

Securities Lending Risk: A Fund's risk in lending portfolio securities, as with other extensions of credit, consists of the possibility of loss to the Fund due to (i) the inability of the borrower to return the securities, (ii) a delay in receiving additional collateral to adequately cover any fluctuations in the value of securities on loan, (iii) a delay in recovery of the securities, or (iv) the loss of rights in the collateral should the borrower fail financially. In addition, each of the Funds is responsible for any loss that might result from its investment of the borrower's collateral.

Short Sale Risk: A Fund enters into a short sale by selling a security it has borrowed (typically from a broker or other institution). If the market price of a security increases after a Fund borrows the security, the Fund will suffer a (potentially unlimited) loss when it replaces the borrowed security at the higher price. In certain cases, purchasing a security to cover a short position can itself cause the price of the security to rise further, thereby exacerbating the loss. In addition, a Fund may not always be able to borrow the security at a particular time or at an acceptable price. Short sales also involve transaction and other costs that will reduce potential Fund gains and increase potential Fund losses. Before a Fund replaces a borrowed security, it is required to designate on its books cash or liquid assets as collateral to cover the Fund's short position, marking the collateral to market daily. This obligation limits a Fund's investment flexibility, as well as its ability to meet redemption requests or other current obligations.

Small Cap Securities Risk: A Fund may invest its assets in the stocks of companies with smaller market capitalizations. While the *Adviser* and *Sub-Adviser* believe these investments may provide significant potential for appreciation, they involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid (*i.e.*, harder to sell) than that of larger capitalization stocks. Smaller capitalization companies also fail more often than larger companies and may have more limited management and financial resources than larger companies.

Value Style Risk: Investing in "value" stocks presents the risk that the stocks may never reach what the *Adviser* believes are their full market values, either because the market fails to recognize what the *Adviser* considers to be the companies' true business values or because the *Adviser* misjudged those values. In addition, value stocks may fall out of favor with investors and underperform growth stocks during given periods.

Volatility Risk: A Fund may have investments that appreciate or decrease significantly in value over short periods of time. This may cause the Fund's net asset value per share to experience significant appreciations or decreases in value over short periods of time.

PORTFOLIO HOLDINGS DISCLOSURE

A description of the Funds' policies and procedures with respect to the disclosure of the Funds' portfolio securities is available in the Funds' Statement of Additional Information.

CHANGE IN OBJECTIVE

Each Fund's investment objective is not fundamental and may be changed by the *Board of Trustees* without shareholder approval. Shareholders will normally receive at least 30 days' written notice of any change in a Fund's investment objective.

MANAGEMENT OF THE FUNDS

AQR Funds is organized as a Delaware statutory trust (“Trust”). The Trust is governed by a *Board of Trustees* that is responsible for overseeing all business activities of the Trust.

The Funds’ *Adviser* is AQR Capital Management, LLC, a Delaware limited liability company formed in 1998. Subject to the overall authority of the *Board of Trustees*, the *Adviser* furnishes continuous investment supervision and management to the Funds’ portfolios and also furnishes office space, equipment, and management personnel. The *Adviser’s* address is Two Greenwich Plaza, 3rd Floor, Greenwich, CT 06830.

The *Adviser* is an investment management firm that employs a disciplined multi-asset, global research process. (AQR stands for Applied Quantitative Research.) Until the launch of the Funds, the *Adviser’s* investment products have been primarily provided through a limited set of collective investment vehicles and separate accounts that utilize all or a subset of the *Adviser’s* investment strategies. The *Adviser* also serves as a sub-adviser to several registered investment companies. These investment products range from aggressive, high volatility and market-neutral alternative strategies, to low volatility, more traditional benchmark-driven products.

Investment decisions are made by the *Adviser* using a series of global asset allocation, arbitrage, and security selection models, and implemented using proprietary trading and risk-management systems. The *Adviser* believes that a systematic and disciplined process is essential to achieving long-term success in investment and risk management. The principals of the *Adviser* have been pursuing the research supporting this approach since the late 1980s, and have been implementing this approach in one form or another since 1993. The research conducted by principals and employees of the *Adviser* has been published in a variety of professional journals since 1991. Please see the *Adviser’s* website (www.aqr.com) for additional information regarding the published papers written by the *Adviser’s* principals and other personnel.

The *Adviser’s* founding principals, Clifford S. Asness, Ph.D., David G. Kabiller, CFA, Robert J. Krail, and John M. Liew, Ph.D., and several colleagues founded the *Adviser* in January 1998. Each of the *Adviser’s* founding principals was formerly at Goldman Sachs, & Co., where Messrs. Asness, Krail, and Liew comprised the senior management of the Quantitative Research Group at Goldman Sachs Asset Management (GSAM). At GSAM, the team managed both traditional (managed relative to a benchmark) and non-traditional (managed seeking absolute returns) mandates. The founding principals formed the *Adviser* to build upon the success achieved at GSAM while enabling key professionals to devote a greater portion of their time to research and investment product development. The *Adviser* manages assets for institutional investors both in the United States and globally. The *Adviser* is based in Greenwich, Connecticut and employs approximately 200 people as of the date of this prospectus.

CNH Partners, LLC, a Delaware limited liability company formed in 2001, a merger arbitrage, convertible arbitrage and diversified arbitrage research affiliate of the Adviser, is the *Sub-Adviser* of the AQR Diversified Arbitrage Fund. The *Sub-Adviser* is a joint venture created in 2001 by the Adviser and RAIM, LLC (“RAIM”). RAIM was formed by Mark Mitchell Ph.D. and Todd Pulvino Ph.D. The Adviser compensates the *Sub-Adviser* out of the management fee the Adviser receives for managing the Diversified Arbitrage Fund. The *Sub-Adviser’s* address is

Two Greenwich Plaza, 1st Floor, Greenwich, CT 06830. The *Sub-Adviser* employs 7 people in Greenwich, Connecticut, and utilizes the infrastructure of the Adviser for non-portfolio management functions.

Each Fund pays an investment advisory fee to the Adviser for serving as investment adviser, as reflected below and expressed as a percentage of average daily net assets.

Fund

AQR Global Equity Fund	0.40%
AQR International Equity Fund	0.45%
AQR International Small Cap Fund	0.70%
AQR Emerging Markets Fund	0.70%
AQR Equity Plus Fund	0.70%
AQR Small Cap Core Fund	0.70%
AQR Small Cap Growth Fund	0.70%
AQR Diversified Arbitrage Fund	0.70%

The *Adviser* has contractually agreed to reimburse the Class N Shares of each Fund to the extent that the annual ordinary operating expenses of each Fund' s Class N Shares, exclusive of certain expenses, exceed the following percentages of the average daily net assets of that class:

Fund

AQR Global Equity Fund	1.20%
AQR International Equity Fund	1.25%
AQR International Small Cap Fund	1.60%
AQR Emerging Markets Fund	1.60%

AQR Equity Plus Fund	1.60%
AQR Small Cap Core Fund	1.40%
AQR Small Cap Growth Fund	1.50%
AQR Diversified Arbitrage Fund	1.50%

The expense limitation agreement is effective through December 31, 2010 for the AQR Global Equity Fund and the AQR International Equity Fund, and through April 30, 2010 for all the other Funds.

A discussion regarding the basis for the *Board of Trustees'* approval of the Funds' current *Advisory Agreement* with the *Adviser* and investment sub-advisory agreement with the *Sub-Adviser* will be available in the Funds' annual report to shareholders.

The AQR Global Equity Fund, AQR International Equity Fund and the AQR Emerging Markets Fund are managed by Messrs. Clifford S. Asness, Ph.D., Ronen Israel, Oktay Kurbanov, John M. Liew, Ph.D., and Lars Nielsen. The AQR International Small Cap Fund, the AQR Equity Plus Fund, the AQR Small Cap Core Fund and the AQR Small Cap Growth Fund are managed by Messrs. Clifford S. Asness, Ph.D., Jacques A. Friedman, Ronen Israel and Lars Nielsen.

Clifford S. Asness, Ph.D. is the Managing and Founding Principal of the *Adviser*. Prior to co-founding the *Adviser* in 1998, Dr. Asness was a Managing Director and Director of Quantitative Research for Goldman Sachs Asset Management. Dr. Asness holds a B.S. in Economics from the Wharton School and a B.S. in Engineering from the Moore School of Electrical Engineering at the University of Pennsylvania, as well as an M.B.A. and a Ph.D. in Finance from the University of Chicago.

Jacques A. Friedman is a Principal of the *Adviser*. Prior to joining the *Adviser* at its inception in 1998, he was an Associate in the Quantitative Research Group at Goldman Sachs Asset Management. Mr. Friedman holds a B.S. in Applied Mathematics from Brown University and an M.S. in Applied Mathematics from the University of Washington.

Ronen Israel is a Principal of the *Adviser*. Prior to joining the *Adviser* in 1999, he was a Senior Analyst at Quantitative Financial Strategies, Inc. Mr. Israel holds a B.S. in Economics from the Wharton School and a B.A.S. in Biomedical Science from the University of Pennsylvania, and an M.A. in Mathematics from Columbia University.

Oktay Kurbanov is a Principal of the *Adviser*. Prior to joining the *Adviser* at its inception in 1998, he was an Analyst in the Quantitative Research Group at Goldman Sachs Asset Management. Mr. Kurbanov holds a B.S. in Physics and Mathematics from the University of Michigan, and an M.B.A from the Stern School of Business at New York University.

John M. Liew, Ph.D. is a Founding Principal of the *Adviser*. Prior to co-founding the *Adviser* in 1998, Dr. Liew was a Vice President and portfolio manager for Goldman Sachs Asset Management. Dr. Liew holds a B.A. in Economics, an M.B.A. and a Ph.D. in Finance from the University of Chicago.

Lars Nielsen is a Principal of the *Adviser*. Prior to joining the *Adviser* in 2000, he was an Analyst in the Quantitative Research Group of Danske Invest. Mr. Nielsen holds a B.Sc. and a M.Sc. in Economics from the University of Copenhagen, Denmark.

The portfolio managers of the *Adviser* responsible for oversight of the AQR Diversified Arbitrage Fund are Ronen Israel and Lars Nielsen (biographies provided above). The portfolio managers of the *Sub-Adviser* for the AQR Diversified Arbitrage Fund are Mark Mitchell, Ph.D. and Todd Pulvino, Ph.D.

Mark Mitchell, Ph.D. is a co-founder and principal of the *Sub-Adviser*. Prior to co-founding the *Sub-Adviser*, Dr. Mitchell was a finance professor at University of Chicago (1990-1999) and Harvard University (1999-2003). Dr. Mitchell holds a Ph.D. in Economics from Clemson University and B.B.A. in Economics from University of Louisiana at Monroe.

Todd Pulvino, Ph.D. is a co-founder and principal of the *Sub-Adviser*. Prior to co-founding CNH Partners, Dr. Pulvino was a member of the finance faculty of Northwestern University's Kellogg School of Management and at Harvard Business School. Dr. Pulvino holds Ph.D. and A.M. degrees in Business Economics from Harvard University, an M.S. in Mechanical Engineering from the California Institute of Technology, and a B.Sc. degree in Mechanical Engineering from University of Wisconsin-Madison.

The Funds' Statement of Additional Information provides additional information regarding portfolio manager compensation, other accounts managed by each portfolio manager, and each portfolio manager's ownership of shares of the Fund(s) each such portfolio manager manages.

INVESTING WITH THE AQR FUNDS

The Funds are “no-load” *mutual funds*, which means that they do not impose any commission or sales charge when shares are purchased or sold. As discussed below, depending on the Fund, the Funds impose a 1% or 2% redemption fee on the proceeds from redemptions of shares held for 60 days or less.

Each Fund offers more than one class of shares. Each class of a Fund’s shares has a pro rata interest in the Fund’s investment portfolio, but differs as to expenses, distribution arrangements and the types of investors who may be eligible to invest in the share class. This prospectus only describes the Class N Shares of the Funds. The other share classes of the Funds are offered in separate prospectuses. Call 1-866-290-2688 to obtain more information concerning the Funds’ other share classes, including the prospectuses for these other share classes.

ELIGIBILITY TO BUY CLASS N SHARES

Each Fund’s Class N Shares are offered to members of the general public. Prior to investing, non-U.S. residents should consult a qualified tax and/or legal adviser about whether purchasing shares of a Fund is a suitable investment given legal and tax ramifications; some non-U.S. persons may not be permitted to invest in a Fund, depending on applicable laws and regulations.

The Funds reserve the right to refuse any request to purchase shares.

INVESTMENT MINIMUMS - CLASS N SHARES

The minimum initial account size is \$5,000. The minimum subsequent investment amount for Class N Shares of the Funds is \$100. Shareholders investing through certain tax-qualified retirement plans or wrap fee programs may be subject to lower or no minimums. For omnibus accounts that meet the minimum investment requirement, the Funds do not impose any minimum investment requirement for sub-accounts, although the firm holding omnibus accounts may impose its own minimum investment requirements. The Funds have the discretion to waive or reduce the above minimum investment requirements.

TYPES OF ACCOUNTS - CLASS N SHARES

You may set up your account in any of the following ways:

Individual or Joint Ownership. Individual accounts are owned by one person. Joint accounts can have two or more owners, and provide for rights of survivorship.

Gift or Transfer to a Minor (UGMA, UTMA). These gift or transfer accounts let you give money to a minor for any purpose. The gift is irrevocable and the minor gains control of the account once he/she reaches the age of majority. Your application should include the minor’s social security number.

Trust for Established Employee Benefit or Profit-Sharing Plan. The trust or plan must be established before you can open an account and you must include the date of establishment of the trust or plan on your application.

Business or Organization. You may invest money on behalf of a corporation, association, partnership or similar institution. You should include a certified resolution with your application that indicates which officers are authorized to act on behalf of the entity.

Retirement or Education. A qualified retirement account enables you to defer taxes on investment income and capital gains. Your contributions may be tax-deductible. For detailed information on the tax advantages and consequences of investing in individual retirement accounts (IRAs) and retirement plan accounts, please consult your tax advisor. The types of IRAs available to you are: Traditional IRA, Roth IRA, Rollover IRA, SIMPLE IRA, and Coverdell Education Savings Account (formerly called an Education IRA).

The IRA and Coverdell Education Savings Account custodian charges an annual maintenance fee (currently \$15.00) per IRA or ESA holder.

The Funds may be used as an investment in other kinds of retirement plans, including, but not limited to, Keogh plans maintained by self-employed individuals or owner-employees, traditional pension plans, corporate profit-sharing and money purchase pension plans, section 403(b)(7) custodial tax-deferred annuity plans, other plans maintained by tax-exempt organizations, cash balance plans and any and all other types of retirement plans. All of these accounts need to be established by the plan's trustee and the plan's trustee should contact the Funds regarding the establishment of an investment relationship.

SHARE PRICE

Net Asset Value. The price you pay for a share of a Fund, and the price you receive upon selling or redeeming a share of that Fund, is called the Fund's net asset value ("NAV") per share. Each Fund's NAV per share is computed as of the scheduled close of trading on the New York Stock Exchange (the "NYSE") (normally 4:00 p.m. Eastern time) on each day during which the NYSE is open for trading (a *Business Day*). Each Fund determines an NAV per share for each class of its shares. If the NYSE closes at any other time, or if an emergency exists, transaction deadlines and NAV calculations may occur at different times. The NAV per share of a Fund is computed by dividing the total current value of the assets of the Fund attributable to a class, less class liabilities, by the total number of shares of that class of the Fund outstanding at the time the computation is made.

Each Fund's investments are generally valued at market value, as determined based on readily available market quotations. The Funds may use pricing services to obtain readily available market quotations. The Funds value debt securities maturing less than 61 days from the date of purchase at amortized cost, which approximates market value.

Foreign markets may be open at different times and on different days than the NYSE, meaning that the value of the Funds' shares may change on days when shareholders are not able to buy or sell their shares. Foreign currencies, securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rates generally determined as of 4:00 p.m. (Eastern time).

Where market quotations are not readily available, or if an available market quotation is determined not to be reliable, a security will be valued based on its fair value as determined in accordance with the valuation procedures approved by the *Board of Trustees*. When a security's fair value is determined, the valuation may differ depending on the valuation method used by the Trust's Valuation Committee. Shareholders who purchase or redeem shares when the value of one or more securities in a Fund's portfolio have been determined using fair valuation procedures may receive more or less shares or redemption proceeds than they would have if the securities had not been valued using the fair valuation procedures.

The Funds normally value equity securities primarily traded on North American, Central American, South American and Caribbean markets using market values as described above. However, the Funds have implemented and normally use fair value pricing on a daily basis for all equity securities that are not primarily traded on North American, Central American, South American and Caribbean markets because trading in these securities typically is completed at times that vary significantly from the closing of the *NYSE*. This fair value pricing process for foreign equity securities uses the quotations of an independent pricing service to value each such security unless (i) the pricing service does not provide prices for the security, in which event the Fund may use market value or fair value in accordance with the Trust's Valuation Procedures or (ii) the Trust's Valuation Committee determines that (a) a quote provided by the service does not accurately reflect the value of the security and (b) the use of another fair valuation methodology is appropriate. This policy is designed to help ensure that the Funds' *NAV*s per share appropriately reflect their investments' values at the time of pricing.

You may obtain information as to the Fund's *NAV* per share by visiting the Funds' Web site at www.aqrfunds.com or by calling 1-866-290-2688.

GENERAL PURCHASING POLICIES

You may purchase a Fund's Class N Shares at the *NAV* per share next determined following receipt of your purchase order in *good order* by the Fund or an authorized agent of the Fund.

You may purchase a Fund's Class N Shares directly from the Fund or through certain intermediaries without the imposition of any sales charges. See "How to Buy Class N Shares."

Once a Fund accepts your purchase order, you may not cancel or revoke it; however, you may redeem the shares. A Fund may withhold redemption proceeds until it is reasonably satisfied it has received your payment. This confirmation process may take up to 15 days.

Each Fund reserves the right to cancel any purchase or exchange order it receives if the Trust believes that it is in the best interest of a Fund's shareholders to do so.

GENERAL REDEMPTION POLICIES

You may redeem the Funds' Class N Shares at the *NAV* per share next-determined following receipt of your redemption order in *good order* by the Fund or an authorized agent of the Fund.

The Funds cannot accept a redemption request that specifies a particular redemption date or price.

Once a Fund accepts your redemption order, you may not cancel or revoke it.

The Funds generally will transmit redemption proceeds within seven days after receipt of your redemption request. If you recently made a purchase, the Funds may withhold redemption proceeds until they are reasonably satisfied that they have received your payment. This confirmation process may take up to 15 days.

The Funds reserve the right at any time without prior notice to suspend, limit, modify or terminate any privilege, including the telephone exchange privilege, or its use in any manner by any person or class.

Redemption in Kind. The Funds generally intend to pay all redemptions in cash. Each Fund is obligated to redeem shares solely in cash up to the lesser of \$250,000 or 1% of the Fund's *NAV* during any 90-day period for any one shareholder. Redemptions in excess of those amounts will normally be paid in cash, but may be paid wholly or partly by a distribution in kind of marketable securities. Brokerage costs may be incurred by a shareholder who receives securities and desires to convert them to cash.

Excessive and Short-Term Trading/Redemption Fee. The Funds are intended for long-term investment purposes, and thus purchases, redemptions and exchanges of Fund shares should be made with a view toward long-term investment objectives. Excessive trading, short-term trading and other abusive trading activities may be detrimental to a Fund and its long-term shareholders by disrupting portfolio management strategies, increasing brokerage and administrative cost, harming Fund performance and diluting the value of shares. Such trading may also require a Fund to sell securities to meet redemptions, which could cause taxable events that impact shareholders. If your investment horizon is not long-term, then you should not invest in the Funds.

The *Board of Trustees* has adopted policies and procedures that seek to discourage and not accommodate excessive or short-term trading activities. These policies and procedures include, among other things, use of fair value pricing of international securities, periodic review of shareholder trading activity, and the redemption fee policies described below.

The *Board of Trustees* has also adopted a redemption fee for Class N Shares of each Fund equal to 1.00% or 2.00% of the amount redeemed on shares held by the shareholder for 60 days or less. The redemption fee will be applied based on net assets at the time of the transaction. Any applicable redemption fee is paid directly to the Fund from which you redeem or exchange your shares in order to, among other things, offset the costs of buying and selling securities. The fee, which is intended to discourage short-term trading, more appropriately allocates expenses generated by short-term trading to short-term investors so that long-term investors do not subsidize the activities of short-term traders.

The Funds will seek to apply redemption fees as uniformly as possible. Where operational limitations restrict the ability of the Funds to impose redemption fees or apply certain exemptions from the fees, particularly with respect to trades processed through financial intermediaries or omnibus account arrangements, application of redemption fees will vary.

To the extent feasible, the following types of transactions will be exempt from redemption fees:

redemptions of shares purchased through the automatic reinvestment of dividend and capital gain distributions;

redemptions of shares to pay account-related fees;

redemptions of shares purchased through an automatic investment program or similar periodic investment plan;

redemptions of shares associated with the automatic rebalancing of an account;

redemptions of shares purchased as a result of an employer contribution to a qualified retirement plan account;

redemptions of shares from shareholder accounts liquidated for failure to meet the minimum investment requirement;

redemptions of shares from a shareholder account for which the identity of the shareholder could not be determined within reasonable time after the account was opened;

redemptions of shares pursuant to a systematic withdrawal plan or similar periodic withdrawal plan;

redemptions of shares as part of a loan or hardship withdrawal from a qualified plan;

redemptions of shares to repay a loan from a qualified retirement account;

redemptions of shares for payment of involuntary fees;

redemptions of shares as part of a required distribution from a qualified retirement plan or IRA;

redemptions of shares upon the death or disability of an owner of record of an account; and

any other involuntary redemptions and/or exchange transactions, including those required by law or regulation, a regulatory agency, a court order, or as a result of a liquidation of a Fund by the *Board of Trustees*.

Accounts exempt from the imposition of redemption fees are:

accounts held through omnibus and plan level retirement accounts for which third-party recordkeepers do not assess redemption fees on such accounts;

accounts that hold omnibus share positions for the dealer, and the underlying dealer customer accounts, for which the dealer does not assess redemption fees on such accounts;

accounts for which the beneficial owner is an asset allocation fund or funds (or similar pooled investment vehicle) that rebalances no more frequently than quarterly; and

wrap fee program accounts for which the program sponsor has entered into a form of fee waiver agreement with the Funds.

In addition, the Funds reserve the right to waive the redemption fees in certain limited circumstances where the Funds determine the transaction does not pose the risks that the Funds' policies and procedures are designed to mitigate. Such waivers are subject to the advance written approval of two officers of the Funds and are reported to the *Board of Trustees*.

Despite the Funds' efforts to detect and prevent abusive trading activity, there can be no assurance that the Funds will be able to identify all of those who may engage in abusive trading and curtail their activity in every instance. In particular, it may be difficult to curtail such activity in certain omnibus accounts and other accounts traded through intermediaries, despite arrangements the Funds have entered into with the intermediaries to provide access to account level trading information. Omnibus accounts are comprised of multiple investors whose purchases, exchanges and redemptions are aggregated before being submitted to the Funds.

OTHER POLICIES

No Certificates. The issuance of shares is recorded electronically on the books of the Funds. You will receive a confirmation of, or account statement reflecting, each new transaction in your account, which will also show the total number of shares of each Fund you own. You can rely on these statements in lieu of certificates. The Funds do not issue certificates representing shares of the Funds.

Frozen Accounts. The Funds may be required to "freeze" your account if there appears to be suspicious activity or if account information matches information on a government list of known terrorists or other suspicious persons.

Small Account Policy. Each of the Funds reserve the right, upon 60 days' written notice, to redeem, at net asset value, the shares of any shareholder whose account has a value of less than \$5,000 in a Fund, other than as a result of a decline in the net asset value per share. This policy will not be implemented where the Fund has previously waived the minimum investment requirement for that shareholder.

Before a Fund redeems such shares and sends the proceeds to the shareholder, it will notify the shareholder that the value of the shares in the account is less than the minimum amount and will allow the shareholder 60 days to make an additional investment in an amount that will increase the value of the account to at least \$5,000 before the redemption is processed. As a sale of your Fund shares, this redemption may have tax consequences.

How To Buy Shares

You can open an account and make an initial purchase of shares of the Funds directly from the Funds or through certain financial intermediaries that have entered into appropriate arrangements with the Funds' *Distributor*, ALPS Distributors, Inc.

To open an account and make an initial purchase directly with the Funds, you can mail a check or other negotiable bank draft (payable to AQR Funds) in the applicable minimum amount, along with a completed and signed Account Application, to AQR Funds, AQR Funds, P.O. Box 2248, Denver, CO 80201-2248. To obtain an Account Application, call 1-866-290-2688 or download one from www.aqrfunds.com. A completed Account Application must include your valid taxpayer identification number. You may be subject to penalties if you falsify information with respect to your tax identification number.

Payment must be in U.S. dollars by a check drawn on a bank in the United States, wire transfer or electronic transfer. The Funds will not accept cash, traveler's checks, starter checks, money orders, third party checks (except for properly endorsed IRA rollover checks), checks drawn on foreign banks or checks issued by credit card companies or Internet-based companies. Shares purchased by checks that are returned will be canceled and you will be liable for any losses or fees incurred by the Fund or its agents, including bank handling charges for returned checks.

You may also purchase Fund shares by wire transfer from your bank account to your Fund account. To place a purchase by wire, please call 1-866-290-2688 for more information.

After you have opened an account, you can make subsequent purchases of shares of the Funds through your financial intermediary or directly from the Funds, depending on where your account is established. To purchase shares directly by mail, send your instruction and a check to AQR Funds at AQR Funds, P.O. Box 2248, Denver, CO 80201-2248.

Depending upon the terms of your account, you may pay account fees for services provided in connection with your investment in a Fund. Financial intermediaries may charge their customers a transaction or service fee. The Funds or your financial intermediary can provide you with information about these services and charges. You should read this prospectus in conjunction with any such information you receive.

Automatic Investment Plan:

The Funds offer an Automatic Investment Plan for current and prospective investors in which you may make monthly investments in one or more of the Funds. Sums for investment will be automatically withdrawn from your checking or savings account on the day you specify. If you do not specify a day, the transaction will occur on the 20th of each month or the next *Business Day* if the 20th is not a *Business Day*. Please call 1-866-290-2688 if you would like more information.

Customer Identification Program

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person that opens a new account, and to determine whether such person's name appears on government lists of known or suspected terrorists and terrorist organizations.

As a result, the Funds must obtain the following information for each person that opens a new account:

Name;

Date of birth (for individuals);

Residential or business street address (although post office boxes are still permitted for mailing); and

Social Security number, taxpayer identification number, or other identifying number.

You may also be asked for a copy of your driver's license, passport or other identifying document in order to verify your identity. In addition, it may be necessary to verify your identity by cross-referencing your identification information with a consumer report or other electronic database. Additional information may be required to open accounts for corporations and other entities.

Federal law prohibits the Funds and other financial institutions from opening a new account unless they receive the minimum identifying information listed above. After an account is opened, the Funds may restrict your ability to purchase additional shares until your identity is verified. The Funds may close your account or take other appropriate action if they are unable to verify your identity within a reasonable time. If your account is closed for this reason, your shares will be redeemed at the *NAV* next calculated after the account is closed.

The Funds and their agents will not be responsible for any loss in an investor's account resulting from the investor's delay in providing all required identifying information or from closing an account and redeeming an investor's shares when an investor's identity is not verified.

eDelivery

eDelivery allows you to receive your quarterly account statements, transaction confirmations and other important information concerning your investment in the Funds online. Select this option on your account application to receive email notifications when quarterly statements and confirmations are available for you to view via secure online access. You will also receive emails whenever a new prospectus, semi-annual or annual fund report is available. To establish eDelivery, call 1-866-290-2688 or visit www.aqrfunds.com.

HOW TO REDEEM CLASS N SHARES

You may normally redeem your shares on any *Business Day*, i.e., any day during which the *NYSE* is open for trading. Redemptions of Class N Shares are priced at the *NAV* per share next determined after receipt of a redemption request in *good order* by the Funds' *Distributor*, the Funds or an authorized agent of the Funds, and subject to the redemption fee if the shares have been held for 60 days or less. A financial intermediary may charge its customers a transaction or service fee in connection with redemptions, and will have its own procedures for arranging for redemptions of the Funds' shares. If you have purchased your Fund shares through a financial intermediary, consult your intermediary for more information.

None of the Funds, the *Adviser*, the *Distributor* and the *Transfer Agent* of the Funds, nor any of their affiliates or agents will be liable for any loss, expense or cost when acting upon any oral, wired or electronically transmitted instructions or inquiries believed by them to be genuine.

While precautions will be taken, as more fully described below, you bear the risk of any loss as the result of unauthorized telephone redemptions or exchanges believed to be genuine. The Funds will employ reasonable procedures to confirm that instructions communicated are genuine. These procedures include recording phone conversations, sending confirmations to shareholders within 72 hours of the telephone transaction, verifying the account name and sending redemption proceeds only to the address of record or to a previously authorized bank account.

By Telephone

You may redeem your shares by telephone if you choose that option on your Account Application. If you did not originally select the telephone option, you must provide written instructions to the Funds in order to add this option. The maximum amount that may be redeemed by telephone at any one time is \$50,000. You may have the proceeds mailed to your address of record or wired to a bank account previously designated on the Account Application.

By Mail

To redeem by mail, you must send a written request for redemption to the Funds, AQR Funds, P.O. Box 2248, Denver, CO 80201-2248. The Funds' *Transfer Agent* will require a Medallion Signature Guarantee. A Medallion Signature Guarantee may be obtained from a domestic bank or trust company, broker, dealer, clearing agency, savings association, or other financial institution that is participating in a medallion program recognized by the Securities Transfer Association. Signature guarantees from financial institutions that are not participating in one of these programs are not accepted as Medallion Signature Guarantees. The Medallion Signature Guarantee requirement will be waived if all of the following conditions apply (1) the redemption check is payable to the shareholder(s) of record, (2) the redemption check is mailed to the shareholder(s) at the address of record, (3) an application is on file with the *Transfer Agent*, and (4) the proceeds of the redemption are \$50,000 or less. The *Transfer Agent* cannot send an overnight package to a post office box.

By Systematic Withdrawal

You may elect to have monthly electronic transfers (\$250 minimum) made to your bank account from your Funds account. Your Funds account must have a minimum balance of \$10,000 and automatically have all dividends and capital gains reinvested. The transfer will be made on the *Business Day* you specify (or the next *Business Day*) to your designated account or a check will be mailed to your address of record. If you do not specify a day, the transfer will be made on the 20th day of each month or the next *Business Day* if the 20th is not a *Business Day*.

Retirement Accounts

To redeem shares from an IRA, Roth IRA, SIMPLE IRA, SEP IRA, 403(b) or other retirement account, you must mail a completed and signed Distribution Form to the Funds. You may not redeem shares of an IRA, Roth IRA, SIMPLE IRA, SEPIRA, 403(b) or other retirement account by telephone or via the Internet.

Payments of Redemption Proceeds

Redemption orders are valued at the *NAV* per share next determined (subject to the redemption fee if applicable) after the shares are properly tendered for redemption, as described above. Payment for shares redeemed generally will be made within seven days after receipt of a valid request for redemption. The Funds may temporarily stop redeeming shares or delay payment of redemption proceeds when the *NYSE* is closed or trading on the *NYSE* is restricted, when an emergency exists and the Funds cannot sell shares or accurately determine the value of assets, or if the *SEC* orders the Funds to suspend redemptions or delay payment of redemption proceeds.

At various times, a Fund may be requested to redeem shares for which it has not yet received good payment. If this is the case, the forwarding of proceeds may be delayed until payment has been collected for the purchase of the shares. The delay may last 15 days or more. The Funds intend to forward the redemption proceeds as soon as good payment for purchase orders has been received. This delay may be avoided if shares are purchased by wire transfer. The Funds intend to pay cash for all shares redeemed, except in cases noted above under the heading “General Redemption Policies,” in which case payment for certain large redemptions may be made wholly or partly in portfolio securities that have a market value equal to the redemption price. You may incur brokerage costs in converting the portfolio securities to cash.

By Check

You may have a check for the redemption proceeds mailed to your address of record. To change the address to which a redemption check is to be mailed, you must send a written request with a Medallion Signature Guarantee to the Funds, AQR Funds, P.O. Box 2248, Denver, CO 80201-2248.

By ACH Transfer

If your bank account is ACH active, you may have your redemption proceeds sent to your bank account via ACH transfer.

By Wire Transfer

You can arrange for the proceeds of a redemption to be sent by wire transfer to a single previously designated bank account if you have given authorization for expedited wire redemption on your Funds Account Application. This redemption option does not apply to shares held in broker “street name” accounts. If a request for a wire redemption is received by the Funds prior to the close of the *NYSE*, the shares will be redeemed that day at the next determined *NAV*, and the proceeds will generally be sent to the designated bank account the next *Business Day*. The bank must be a member of the Federal Reserve wire system. Delivery of the proceeds of a wire redemption request may be delayed by the Funds for up to seven days if deemed appropriate under then current market conditions. Redeeming shareholders will be notified if a delay in transmitting proceeds is anticipated. The Funds cannot be responsible for the efficiency of the Federal Reserve wire system or the shareholder’s bank. You are responsible for any charges imposed by your bank. The Funds reserve the right to terminate the wire redemption privilege. Shares purchased by check may not be redeemed by wire transfer until the shares have been owned (*i.e.*, paid for) for at least 15 days. To change the name of the single bank account

designated to receive wire redemption proceeds, you must send a written request with a Medallion Signature Guarantee to the Funds, AQR Funds, P.O. Box 2248, Denver, CO 80201-2248. If you elect to have the payment wired to your bank, a wire transfer fee of \$30.00 will be charged by the Funds.

RULE 12B-1 PLAN

The *Board of Trustees* has adopted with respect to each of the Funds a *Rule 12b-1 Plan*. The *Rule 12b-1 Plan* provides that the distribution fee payable is up to 0.25% annually of the Fund's average daily net assets for Class N Shares. The *Rule 12b-1 Plan* permits a Fund to make payments for activities designed primarily to result in the sale of the Funds' Class N Shares. Because these fees are paid out of a Fund's assets on an on-going basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges.

SHAREHOLDER SERVICES AGREEMENT

The *Trust* has entered into a Shareholder Services Agreement with respect to its Class N Shares. Under the Shareholder Services Agreement, the Funds pay the *Adviser* a fee for providing or arranging for the provision of certain services to shareholders of each Fund of up to 0.35% annually of the Fund's average daily net assets for Class N Shares.

CERTAIN ADDITIONAL PAYMENTS

The Funds also may enter into agreements with certain intermediaries under which the Funds make payments to the intermediaries in recognition of the avoided transfer agency costs to the Funds associated with the intermediaries' maintenance of customer accounts. Payments made under such agreements are generally based on either (1) a percentage of the average daily net asset of customers serviced by the intermediary, up to a set maximum dollar amount per shareholder account serviced, or (2) the number of accounts serviced by such intermediary. These payments are in addition to other payments described in this prospectus, such as payments under the Rule 12b-1 Plan and Shareholder Servicing Plan.

The *Adviser* (or an affiliate) also may make additional payments out of its own resources to certain intermediaries or their affiliates based on sales or assets attributable to the intermediary, or such other criteria agreed to by the *Adviser* in connection with the sale or distribution of the Funds' shares. The *Adviser* selects the intermediaries to which it or its affiliate makes payments. These additional payments to intermediaries, which are sometimes referred to as "revenue sharing" payments, may represent a premium over payments made by other fund families, and investment professionals may have an added incentive to sell or recommend the Fund or a share class of the Fund over others offered by competing fund families. Ask your investment professional for more information.

The *Adviser* and the Funds' *Distributor* may make other payments or allow promotional incentives to broker-dealers to the extent permitted by *SEC* and Financial Industry Regulatory Authority (FINRA) rules and by other applicable laws and regulations.

DISTRIBUTIONS

Each Fund distributes to its shareholders substantially all net investment income as dividends and any net capital gains realized from sales of the Fund's portfolio securities. Each of the Funds expects to declare and pay dividends annually. Net realized long-term capital gains, if any, are paid to shareholders at least annually.

All of your income dividends and capital gain distributions will be reinvested in additional shares unless you elect to have distributions paid by check. If any check from a Fund mailed to you is returned as undeliverable or is not presented for payment within six months, the Trust reserves the right to reinvest the check proceeds and future distributions in additional Fund shares.

TAXES

The following discussion of U.S. and non-U.S. taxation applies only to U.S. shareholders and is not intended to be a full discussion of income tax laws and their effect. You may wish to consult your own tax advisor.

Taxes on Transactions. When you redeem shares, you will experience a capital gain or loss if there is a difference between the tax basis of your shares and the price you receive when you redeem them. The federal tax treatment will depend on how long you owned the shares and your individual tax position. Any loss recognized on shares held for six months or less will be treated as a long-term capital loss to the extent of any long-term capital gain distributions that were received with respect to the shares. You may be subject to state and local taxes on your investment in a Fund, depending on the laws of your home state or locality.

Exchanges. If you perform an exchange transaction, it is considered a sale and purchase of shares for federal income tax purposes and may result in a capital gain or loss.

Distributions. Distributions from investment income (dividends) and net short-term capital gains are taxable as ordinary income except as noted below. Distributions of long-term capital gains are taxable as long-term capital gains regardless of the length of time you have held your Fund shares. Although a Fund will not be taxed on amounts it distributes, distributions will be taxable to you whether received in cash or reinvested in Fund shares, unless you hold your Fund shares in an individual retirement account or other tax-deferred account. These accounts are subject to complex tax rules and you should consult your tax advisor about which tax rules will apply to your investment.

The Trust will send you an annual statement to advise you as to the source of your distributions for tax purposes.

Taxes on Distributions. Distributions are subject to federal income tax, and may be subject to state or local taxes. If you are a U.S. citizen residing outside the U.S., your distributions also may be taxed by the country in which you reside. Your distributions are taxable whether you take them in cash or reinvest them in additional shares.

For federal tax purposes, a Fund's income and short-term capital gain distributions are taxed as ordinary income and long-term capital gain distributions are taxed as long-term capital gains, except that "qualified dividend income" of noncorporate investors who satisfy certain holding period requirements is taxed at long-term capital gain rates, which currently reach a maximum of 15%. The 15% maximum rate for long-term capital gains is scheduled to expire at the end of 2010. After 2010, the capital gains rate is scheduled to increase to 20% and income from dividends would be taxed as ordinary income. The character of a capital gain depends on the length of time that the Fund held the asset it sold.

Every January, each of your Funds will send you and the *IRS* a statement called Form 1099 showing the amount of taxable distributions you received (including those reinvested in additional shares) in the previous calendar year.

Average Cost Calculation. Each shareholder is responsible for tax reporting and Fund share cost calculation. To facilitate your tax reporting, each Fund provides you with an average cost statement with your 1099 tax form. This average cost statement is based on transaction activity in an account for the period during which you held the account directly with the Fund.

Buying Into a Distribution. Purchasing a Fund's shares in a taxable account shortly before a distribution by the Fund is sometimes called "buying into a distribution." You pay income taxes on a distribution whether you reinvest the distribution in shares of the Fund or receive it in cash. In addition, you pay taxes on the distribution whether the value of your investment decreased, increased or remained the same after you bought shares of the Fund.

A Fund may build up capital gains during the period covered by a distribution (over the course of the year, for example) when securities in the Fund's portfolio are sold at a profit. After subtracting any capital losses, the Fund distributes those gains to you and other shareholders, even if you did not own the shares when the gains occurred (if you did not hold the Fund earlier in the year, for example), and you incur the full tax liability on the distribution.

Non-U.S. Income Taxes. Investment income received by a Fund from sources within non-U.S. countries may be subject to non-U.S. income taxes withheld at the source. If a Fund pays nonrefundable taxes to non-U.S. governments during the year, the taxes will reduce the Fund's dividends but will still be included in your taxable income. However, if a Fund qualifies for, and makes, a special election, you may be able to claim an offsetting credit or deduction on your tax return for your share of non-U.S. taxes paid by a Fund.

Backup Withholding. You must furnish to the Funds your properly certified social security or other tax identification number to avoid Federal income tax backup withholding on dividends, distributions and redemption proceeds. If you do not do so or the *IRS* informs the Fund that your tax identification number is incorrect, the Fund may be required to withhold a percentage (currently 28%) of your taxable distributions and redemption proceeds. Because each Fund must promptly pay to the *IRS* all amounts withheld, it is usually not possible for a Fund to reimburse you for amounts withheld. You may claim the amount withheld as a credit on your federal income tax return.

FINANCIAL HIGHLIGHTS

The Funds have not commenced operations as of the date of this prospectus. As such, no financial performance information for the Funds is available.

GLOSSARY OF TERMS

The following is a glossary of terms used throughout this prospectus and their definitions. This glossary is set forth solely for reference purposes. The terms summarized or referenced in this glossary are qualified in their entirety by the prospectus itself.

1940 Act	the Investment Company Act of 1940, as amended
Absolute Return Benchmark	the Merrill Lynch 3 Month Treasury Bill Index
Adviser	AQR Capital Management, LLC
Advisory Agreement	the Investment Advisory Agreement dated December 4, 2008 under which the Adviser serves as investment adviser to the AQR Funds
Alpha	the risk-adjusted level of outperformance of a portfolio over its benchmark
Board of Trustees	the Board of Trustees of the AQR Funds or any duly authorized committee thereof, as permitted by applicable law
Business Day	each day during which the NYSE is open for trading
Code	the Internal Revenue Code of 1986, as amended
Convertible Securities	fixed-income securities that are convertible into common stock
Distributor	ALPS Distributors, Inc.
Emerging Markets Benchmark or MSCI Emerging Markets Index	the MSCI Emerging Markets Total Return Index with Net Dividends Unhedged in U.S. Dollars, which is a free float-adjusted market capitalization index that is designed to measure the performance of equities in emerging markets
Equity Benchmark or Russell 1000® Index	the Russell 1000® Index, which is designed to measure the performance of larger capitalization equities in the United States
Global Equity Benchmark or MSCI World Index	the MSCI World Total Return Index with Net Dividends Unhedged in U.S. Dollars, a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, including the United States and Canada
Good order	A purchase, exchange or redemption order is in “good order” when a Fund, its Distributor and/or its agent, receives all required information, including properly completed and signed documents.
International Equity Benchmark or MSCI EAFE Index	the MSCI EAFE Total Return Index with Net Dividends Unhedged in U.S. Dollars, a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, excluding the United States and Canada

International Small Cap Benchmark or MSCI EAFE Small Cap Index	the MSCI EAFE Small Cap Total Return Index with Net Dividends Unhedged in U.S. Dollars, a free float-adjusted market capitalization index that is designed to measure the performance of smaller capitalization equities in developed markets, excluding the United States and Canada
IRS	the Internal Revenue Service
Mutual fund	an investment company registered under the 1940 Act that pools the money of many investors and invests it in a variety of securities in an effort to achieve a specific objective over time
NAV	the net asset value of a particular Fund
NYSE	the New York Stock Exchange
Rule 12b-1 Plan	a plan pursuant to Rule 12b-1 under the 1940 Act, which permits a fund to pay distribution and shareholder servicing expenses out of fund assets
SEC	U.S. Securities and Exchange Commission
Small Cap Core Benchmark or Russell 2000® Index	the Russell 2000® Index, which is designed to measure the performance of smaller capitalization equities in the United States
Small Cap Growth Benchmark or Russell 2000® Growth Index	the Russell 2000® Growth Index, which is designed to measure the performance of smaller capitalization equities with above-average price-to-book ratios and forecasted growth rates in the United States
Sub-Adviser	CNH Partners, LLC
Transfer Agent	ALPS Fund Services, Inc.
Total return	the percentage change, over a specified time period, in a mutual fund' s NAV, assuming the reinvestment of all distributions of dividends and capital gains

Tracking Error or Tracking Risk

a measure of how closely a portfolio follows the index to which it is benchmarked. It measures the standard deviation of the difference between the portfolio and index returns.

You may wish to read the Statement of Additional Information for more information about the Funds. The Statement of Additional Information is incorporated by reference into this prospectus, which means that it is considered to be part of this prospectus.

You may obtain free copies of the Funds' Statement of Additional Information, request other information, and discuss your questions about the Funds by writing or calling:

AQR Funds
P.O. Box 2248
Denver, CO 80201-2248
(866) 290-2688

The requested documents will be sent within three business days of your request.

You may also obtain the Funds' Statement of Additional Information, along with other information, free of charge, by visiting the Funds' Web site at www.aqrfunds.com.

Text-only versions of all Fund documents can be viewed online or downloaded from the EDGAR Database on the *SEC's* internet web site at www.sec.gov. You may also review and copy those documents by visiting the *SEC's* Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling the *SEC* at 202-942-8090. In addition, copies of the Fund documents may be obtained, after mailing the appropriate duplicating fee, by writing to the *SEC's* Public Reference Section, Washington, DC 20549-0102 or by e-mail request at publicinfo@sec.gov.

AQR Funds Trust

Investment Company Act File No.: 811-22235

**THE AQR FUNDS
PROSPECTUS
December , 2008
CLASS I SHARES**

INTERNATIONAL AND GLOBAL EQUITY FUNDS

**AQR Global Equity Fund
AQR International Equity Fund
AQR International Small Cap Fund
AQR Emerging Markets Fund**

DOMESTIC EQUITY FUNDS

**AQR Equity Plus Fund
AQR Small Cap Core Fund
AQR Small Cap Growth Fund**

ABSOLUTE RETURN FUND

AQR Diversified Arbitrage Fund

This prospectus contains important information about each Fund, including its investment objective, fees and expenses. For your benefit and protection, please read it before you invest and keep it for future reference. This prospectus relates only to the Class I Shares of each Fund.

The Securities and Exchange Commission has not approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense. In addition, your investment in any of the Funds is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. You may lose money by investing in any of the Funds. The likelihood of loss may be greater if you invest for a shorter period of time.

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OVERVIEW OF THE AQR FUNDS

This prospectus describes the series (“Funds”) of the AQR Funds. AQR Capital Management, LLC (the *Adviser*) serves as the investment adviser of each Fund. CNH Partners, LLC (the *Sub-Adviser*), an affiliate of the *Adviser*, serves as the investment sub-adviser of the AQR Diversified Arbitrage Fund.

The Funds comprise:

Name of Fund	General Nature of Fund	Fund Benchmark
International and Global Equity Funds		
AQR Global Equity Fund	Invests worldwide in developed markets including the U.S. and Canada	<i>MSCI World Index</i>
AQR International Equity Fund	Invests worldwide in developed markets excluding the U.S. and Canada	<i>MSCI EAFE Index</i>
AQR International Small Cap Fund	Invests worldwide in smaller companies in developed markets excluding the U.S. and Canada	<i>MSCI EAFE Small Cap Index</i>
AQR Emerging Markets Fund	Invests in emerging markets	<i>MSCI Emerging Markets Index</i>
Domestic Equity Funds		
AQR Equity Plus Fund	Invests approximately 130% “long” in larger U.S. companies deemed attractive and 30% “short” in larger U.S. companies deemed unattractive	<i>Russell 1000[®] Index</i>
AQR Small Cap Core Fund	Invests in smaller U.S. companies	<i>Russell 2000[®] Index</i>
AQR Small Cap Growth Fund	Invests in smaller growth-oriented U.S. companies	<i>Russell 2000[®] Growth Index</i>
Absolute Return Funds		
AQR Diversified Arbitrage Fund	Invests using “alternative investment” strategies such as merger arbitrage, convertible arbitrage, and other forms of arbitrage	<i>Merrill Lynch 3 Month Treasury Bill Index</i>

For information regarding a Fund’s principal and common risks, see below the “Principal Investment Risks” section for each Fund and the section entitled “How the Funds Pursue their Investment Objectives - Risk Factors.”

GLOSSARY

To keep things simple, we have defined and explained a number of terms and concepts in a Glossary at the back of this prospectus. Terms that are in italics have definitions or explanations in the Glossary.

INVESTMENT PHILOSOPHY

All the International and Global Equity Funds and Domestic Equity Funds managed by the *Adviser* share a common investment philosophy and investment process.

The AQR Diversified Arbitrage Fund is managed according to its own philosophy and process, which is described in detail in the discussion of that Fund' s investment strategies in this prospectus.

The *Adviser's* core beliefs are that (1) equity markets are neither completely efficient nor completely inefficient and (2) a disciplined quantitative approach can be used effectively in seeking to outperform market benchmarks. In implementing its investment philosophy, the *Adviser* uses quantitative tools to analyze and understand the vast amount of data available regarding the markets and securities in which the *Adviser* is investing. In contrast to the stereotypical “black box” concept of quantitative investing (*i.e.*, obscure mathematical models generating unintuitive trades with no transparency), the *Adviser's* investment process is “quantitative” in the sense that the *Adviser* employs quantitative tools to implement a fundamental investment process. The *Adviser* also believes that a large set of small trades, coupled with systematic risk controls, can offer a more attractive risk-adjusted return than a small set of large trades.

The *Adviser's* investment philosophy is based on the fundamental concepts of value and momentum. Value investing is simply buying securities that are considered by the *Adviser* to be undervalued by the market and selling securities that the *Adviser* believes are overvalued by the market. Momentum investing is simply buying securities whose stock price is increasing and selling securities whose stock price is not increasing or may be falling.

The *Adviser* believes that using both value and momentum strategies in selecting investments is a powerful and effective approach because the two strategies are usually negatively correlated. As a result, when the two strategies are used together by the *Adviser* in making investment selections, the investments chosen by the *Adviser* tend to be either cheap stocks or stocks that are coming into favor with investors. Stocks that score well by taking into account both factors will generally have the highest weightings. The combination of the two strategies is designed to produce a Fund portfolio that seeks to preserve the positive expected return of each strategy while having the added benefit of significantly lower volatility than would otherwise be achieved by using either strategy alone.

The concepts of value and momentum are taken into account by the *Adviser* broadly across many factors and signals that help guide the *Adviser* in selecting: (1) individual securities within an industry, (2) the relative weighting of various sectors and industries, and/or (3) countries and currencies. The value and momentum philosophy for selecting individual securities and for determining the weightings of various industry sectors is common to all of the International and Global Equity Funds and Domestic Equity Funds. The explicit selection of countries and currencies is applied to the AQR Emerging Markets Fund, AQR Global Equity Fund, and AQR International Equity Fund.

Over the years, the *Adviser* has refined its methods of measuring value and momentum and has undertaken extensive research into stock selection factors and themes that augment these core approaches. Certain factors or themes can degrade over time and, therefore, the *Adviser* works on refining the measurement of the various factors and themes it believes will produce positive investment results. The *Adviser* believes that the factors and themes it employs are economically intuitive and are generally based on extensive academic research.

INVESTMENT PROCESS

The *Adviser* sees the world in “views,” which are simply quantitative processes that rank every stock in the investment universe from most attractive to least attractive with respect to a particular investment factor. Portfolio weights are assigned to reflect each stock’s degree of attractiveness. Each “view” has an associated forecasted volatility based on a risk model for each factor.

For stock selection there are two types of “views” used by the *Adviser*:

one view is used to select stocks within an industry,

the other view is used to select industries.

In the stock selection view, each stock is ranked by the *Adviser* based on its raw investment signal relative to its industry’s average investment signal. Stock selection views are designed to be approximately industry-neutral.

In the industry selection view, each industry is ranked as to how its industry average investment signal compares to the other industries. Industry selection views explicitly overweight or underweight industries as a whole.

The final aggregate view of the *Adviser* is a combination of the stock and industry views and all the underlying factors, resulting in a weight assigned to each stock, which is a cumulative measure of its overall attractiveness. The weighting for each stock reflects the anticipated level of excess return potential of that stock and is used by the *Adviser* to forecast anticipated “*alpha*” for that stock. The *Adviser* then combines the *alpha* forecasts for each stock with trading costs, liquidity constraints, and other portfolio constraints to create an optimal portfolio for each Fund. For Funds that are long only, the smallest weighting of an unattractive stock is zero. In contrast, any Fund that allows short sales will have negative weights (*i.e.*, short sales) for the least attractive stocks.

The *Adviser*’s portfolio optimization process also has a strong risk-control element. Since each “view” has an associated volatility forecast, it is possible to estimate the *tracking error* of each Fund (*i.e.*, the deviation in performance of a Fund’s underlying portfolio from its benchmark). The *Adviser* sets explicit *tracking error* targets for each Fund and its portfolio construction process takes into account how much each of the views contributes to the overall risk of each Fund.

Buys and sells for each Fund are made through periodic rebalancing. The *Adviser* monitors each Fund relative to moves in the *Adviser*’s proprietary models. The *Adviser* employs a rebalancing strategy that seeks to provide an optimal balance between maintaining up-to-date views and minimizing trading costs. Stock trading is primarily executed electronically through direct connections to exchanges that allow the *Adviser* to employ automated trading algorithms that place their trades in a liquidity-providing manner. By trading passively and providing liquidity to the market the *Adviser* seeks to reduce market impact costs and reduce the total cost of trading.

In summary, the *Adviser's* investment process for the Funds entails the following key steps:

Develop a ranking for each stock using a disciplined, systematic approach to analyze a wide variety of factors based on the underlying philosophy of value and momentum.

Combine these rankings into a Fund portfolio that takes into account trading costs, liquidity considerations, *tracking error* targets, and portfolio construction constraints (*e.g.* no shorting for Funds that do not enter into short sales).

Rebalance each Fund's portfolio in a manner that seeks to create a balance between keeping the portfolio in line with the ideal desired portfolio and the need to minimize trading costs.

Execute trades primarily in a highly automated and liquidity-providing manner to seek to reduce the total cost of trading.

INVESTMENT OBJECTIVE

The AQR Global Equity Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the MSCI World Total Return Index with Net Dividends Unhedged in U.S. Dollars (the *Global Equity Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Global Equity Benchmark* is a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, including the United States and Canada.

Under normal circumstances, the Fund will invest in instruments of companies located in a number of different countries throughout the world, one of which may be the United States; however the Fund has no limit on the amount of assets that may be invested in companies in each country. The Fund's portfolio normally will be managed by both overweighting and underweighting securities, countries and currencies relative to the *Global Equity Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. As of September 30, 2008, the weighting of U.S. companies in the *Global Equity Benchmark* was approximately 50%. The *Adviser* starts with the securities that are included in the *Global Equity Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach emphasizing both top-down country/currency allocation and bottom-up security selection decisions that include selection of individual stocks within industries as well as explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate an investment portfolio based on the *Adviser's* global asset allocation models and security selection procedures. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios for choosing individual equities and countries, and interest rate differentials for choosing currencies.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum for choosing individual equities and countries, and foreign exchange rate momentum for selecting currencies.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

The *Adviser* views the selection of individual securities, countries and currencies as three independent decisions. The *Adviser* may utilize country index futures, index swaps and foreign currency forwards to overweight or underweight the country and currency exposure of the overall portfolio relative to the *Global Equity Benchmark*.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in equity and equity-related instruments (including, but not limited to,

exchange-traded funds, equity index futures, equity index swaps and depositary receipts). The Fund will invest in companies with a broad range of market capitalizations. The Fund has no market capitalization constraints. The Fund invests primarily in securities comprising the *Global Equity Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use options, warrants, equity swaps, financial futures contracts and other types of derivative instruments in seeking to achieve its investment objective. A portion of the Fund's assets may be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The Fund may invest to a lesser extent in securities of issuers, countries and currencies not included in the *Global Equity Benchmark*. However, the *Adviser* does not currently expect such securities to be a significant component of the Fund's investment portfolio.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund's portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk	Foreign securities risk	New fund risk
Counterparty risk	Manager risk	Securities lending risk
Derivatives risk	Market risk	Value style risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives-Risk Factors" on pages 36 to 40 of this Prospectus.

PERFORMANCE INFORMATION

The AQR Global Equity Fund's past performance (before and after taxes), as provided by the bar chart and performance table that follow, is not an indication of how the Fund will perform in the future. The chart and the table provide some indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and how the Fund's returns compare to a broad measure of market performance.

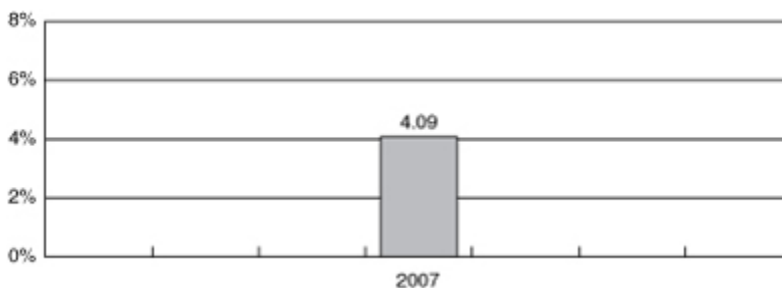
A privately offered fund managed by the *Adviser* is expected to be reorganized into the Fund as of the date the Fund commenced operations (i.e., on or about January 19, 2009). This privately offered fund was

organized in March 2006 and commenced operations in June 2006 and had an investment objective, investment policies and restrictions that were, in all material respects, the same as those of the Fund. However, the privately offered fund was not registered as an investment company under the *1940 Act*. In addition, this privately offered fund was not subject to certain investment limitations, diversification requirements, liquidity requirements, and other restrictions imposed by the *1940 Act* and the *Code* which, if applicable, might have adversely affected its performance.

The Fund's performance for periods prior to the commencement of operations on or about January 19, 2009 is that of the privately offered fund. The privately offered fund's total annual fund operating expenses during the periods presented were lower than the Fund's estimated total annual fund operating expenses for Class I Shares. The Fund has restated the privately offered fund's performance to reflect the Fund's fees, estimated expenses and fee waivers/expense limitations of Class I Shares upon their initial offering.

Class I Shares - Total Returns for Year Ended December 31

The bar chart below provides an illustration of how the Fund's performance has varied in each of the indicated calendar years.



Highest Quarterly Return	Lowest Quarterly Return
8.16% (4Q06)	-4.15% (4Q07)

During the third quarter of 2008, the Fund had a total return of -17.63% for Class I Shares.

Average Annual Total Returns for Periods Ended December 31, 2007

The following table compares the Fund's average annual *total returns* for Class I Shares as of December 31, 2007 to the *Global Equity Benchmark*. The returns shown for the *Global Equity Benchmark* do not reflect the deduction of fees, expenses or taxes, because the *Global Equity Benchmark* is not a fund. You can not invest directly in an index.

	<u>1 Year</u>	<u>Since Inception ***</u>
AQR Global Equity Fund		
Return Before Taxes	4.09%	10.02%
Return After Taxes on Distributions*	2.63%	8.91%
Return After Taxes on Distributions and Sale of Fund Shares*	2.63%	7.99%
MSCI World Total Return Index with Net Dividends Unhedged (reflects no deductions for fees, expenses or taxes)**	9.04%	14.20%

As of September 30, 2008, Class I Shares of the Fund had a year-to-date return of -26.44%, a one year return of -29.50% and a return since inception of -6.46%.

- * After-tax returns are calculated using the historical highest individual marginal tax rates and do not reflect the impact of state and local taxes. In some cases, the return after taxes may exceed the return before taxes due to an assumed benefit from any losses on a sale of Fund shares at the end of the measurement period. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.
- ** The MSCI World Total Return Index with Net Dividends Unhedged is a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, including the United States and Canada.
- *** The Fund's inception was on June 1, 2006.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class I Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	Class I
Redemption fee (as a percentage of amount redeemed)	2% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.40%
Other expenses	0.55%
Total annual fund operating expenses	0.95%
Less: Contractual fee and expense waivers ⁴	0.10%
Net annual fund operating expenses	0.85%

- ¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.
- ² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 2.00% on the proceeds from redemptions of shares held for 60 days or less.
- ³ This table shows the estimated operating expenses of Class I Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.
- ⁴ The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 0.85% for Class I Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through December 31, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year	\$83
3 Years	\$274

INVESTMENT OBJECTIVE

The AQR International Equity Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the MSCI EAFE Total Return Index with Net Dividends Unhedged in U.S. Dollars (the *International Equity Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *International Equity Benchmark* is a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, excluding the United States and Canada.

The Fund's portfolio normally will be managed by both overweighting and underweighting securities, countries and currencies relative to the *International Equity Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *International Equity Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach emphasizing both top-down country/currency allocation and bottom-up security selection decisions that include selection of individual stocks within industries as well as explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate an investment portfolio based on the *Adviser's* global asset allocation models and security selection procedures. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously:

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios for choosing individual equities and countries, and interest rate differentials for choosing currencies.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum for choosing individual equities and countries, and foreign exchange rate momentum for selecting currencies.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

The *Adviser* views the selection of individual securities, countries and currencies as three independent decisions. The *Adviser* may utilize country index futures, index swaps and foreign currency forwards to overweight or underweight the country and currency exposure of the overall portfolio relative to the *International Equity Benchmark*.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in equity and equity-related instruments (including, but not limited to,

exchange-traded funds, equity index futures, equity index swaps and depositary receipts). The Fund will invest in companies with a broad range of market capitalizations, including smaller capitalization companies. The Fund invests primarily in securities comprising the *International Equity Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use options, warrants, equity swaps, financial futures contract or other types of derivative instruments in seeking to achieve its investment objective. A portion of the Fund' s assets will be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The Fund may invest to a lesser extent in securities of issuers in countries and currencies not included in the *International Equity Benchmark*. However, the *Adviser* does not currently expect such securities to be a significant component of the Fund' s investment portfolio.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund' s portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk	Manager risk	Small cap securities risk
Counterparty risk	Market risk	Value style risk
Derivatives risk	New fund risk	
Foreign securities risk	Securities lending risk	

For more information on risks, see "How the Funds Pursue Their Investment Objectives-Risk Factors" on pages 36 to 40 of this Prospectus.

PERFORMANCE INFORMATION

The AQR International Equity Fund' s past performance (before and after taxes), as provided by the bar chart and performance table that follow, is not an indication of how the Fund will perform in the future. The chart and the table provide some indication of the risks of investing in the Fund by showing changes in the Fund' s performance from year to year and how the Fund' s returns compare to a broad measure of market performance.

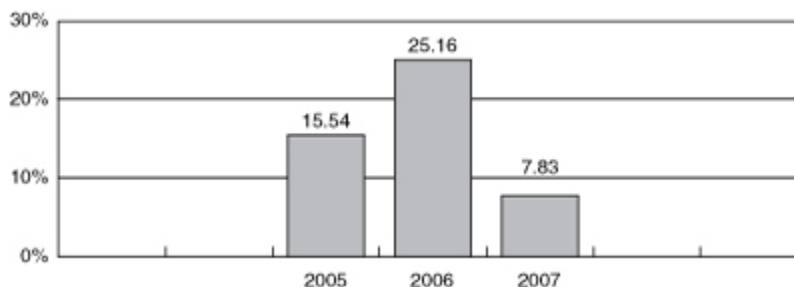
A privately offered fund managed by the *Adviser* is expected to be reorganized into the Fund as of the date the Fund commenced operations (i.e., on or about January 19, 2009). This privately offered fund was

organized in June 2004 and commenced operations in August 2004 and had an investment objective, investment policies and restrictions that were, in all material respects, the same as those of the Fund. However, the privately offered fund was not *registered* as an investment company under the *1940 Act*. In addition, this privately offered fund was not subject to certain investment limitations, diversification requirements, liquidity requirements, and other restrictions imposed by the *1940 Act* and the *Code* which, if applicable, might have adversely affected its performance.

The Fund's performance for periods prior to the commencement of operations on or about January 19, 2009 is that of the privately offered fund. The privately offered fund's total annual fund operating expenses during the periods presented were lower than the Fund's estimated total annual fund operating expenses for Class I Shares. The Fund has restated the privately offered fund's performance to reflect the Fund's fees, estimated expenses and fee waivers/expense limitations of Class I Shares upon their initial offering.

Class I Shares - Total Returns for Years Ended December 31

The bar chart below provides an illustration of how the Fund's performance has varied in each of the indicated calendar years.



Highest Quarterly Return	Lowest Quarterly Return
14.83% (4Q04)	-4.24% (4Q07)

During the third quarter of 2008, the Fund had a total return of -25.09% for Class I Shares.

Average Annual Total Returns for Years Ended December 31, 2007

The following table compares the Fund's average annual *total returns* for Class I Shares as of December 31, 2007 to the *International Equity Benchmark*. The returns shown for the *International Equity Benchmark* do not reflect the deduction of fees, expenses or taxes, because the *International Equity Benchmark* is not a fund. You can not invest directly in an index.

	<u>1 Year</u>	<u>Since Inception ***</u>
AQR International Equity Fund		
Return Before Taxes	7.83%	19.89%
Return After Taxes on Distributions*	4.93%	17.64%
Return After Taxes on Distributions and Sale of Fund Shares*	4.93%	16.20%
MSCI EAFE Total Return Index with Net Dividends Unhedged (reflects no deductions for fees, expenses or taxes)**	11.17%	20.58%

As of September 30, 2008, Class I Shares of the fund had a year-to-date return of -32.21%, a one year return of -35.08%, and a return since inception of 5.70%.

* After-tax returns are calculated using the historical highest individual marginal tax rates and do not reflect the impact of state and local taxes. In some cases, the return after taxes may exceed the return before taxes due to an assumed benefit from any losses on a sale of Fund shares at the end of the measurement period. Actual after-tax returns depend on an investors' s tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

** The MSCI EAFE Total Return Index with Net Dividends Unhedged is a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, excluding the United States and Canada.

*** The Fund' s inception was on August 1, 2004.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class I Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class I</u>
Redemption fee (as a percentage of amount redeemed)	2% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.45%
Other expenses	<u>0.52%</u>
Total annual fund operating expenses	0.97%
Less: Contractual fee and expense waivers ⁴	<u>0.07%</u>
Net annual fund operating expenses	0.90%

- 1 The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.
- 2 Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 2.00% on the proceeds from redemptions of shares held for 60 days or less.
- 3 This table shows the estimated operating expenses of Class I Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.
- 4 The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 0.90% for Class I Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through December 31, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year	\$88
3 Years	\$286

INVESTMENT OBJECTIVE

The AQR International Small Cap Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the MSCI EAFE Small Cap Total Return Index with Net Dividends Unhedged in U.S. Dollars (the *International Small Cap Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *International Small Cap Benchmark* is a free float-adjusted market capitalization index that is designed to measure the performance of smaller capitalization equities in developed markets, excluding the United States and Canada.

The Fund's portfolio normally will be managed by both overweighting and underweighting securities relative to the *International Small Cap Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *International Small Cap Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach that includes both selection of individual stocks within industries and explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate its investment portfolio. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum and earnings momentum.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

Generally the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in instruments of or related to smaller capitalization issuers. For this purpose, the *Adviser* considers issuers with market capitalizations that are similar to those that qualify for inclusion in the *International Small Cap Benchmark* to be smaller capitalization issuers. The Fund will invest in securities whose market capitalization is below \$5 billion at the time of purchase.

The *Adviser* invests primarily in securities comprising the *International Small Cap Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use equity or equity-related instruments, options, warrants, equity swaps, financial futures contract or other types of derivative instruments in seeking to achieve its investment objective. A portion of the Fund's assets will be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The Fund may invest to a lesser extent in securities of issuers and countries not included in the *International Small Cap Benchmark*. However, the *Adviser* does not currently expect such securities to be a significant component of the Fund' s investment portfolio.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund' s portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

Common stock risk

Foreign securities risk

New fund risk

Counterparty risk

Manager risk

Securities lending risk

Derivatives risk

Market risk

Small cap securities risk

Value style risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives-Risk Factors" on pages 36 to 40 of this Prospectus.

PERFORMANCE INFORMATION

As the AQR International Small Cap Fund has not yet commenced operations as of the date of this prospectus, no full calendar year performance information is available.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class I Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class I</u>
Redemption fee (as a percentage of amount redeemed)	2% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.70%
Other expenses	<u>0.61%</u>
Total annual fund operating expenses	1.31%
Less: Contractual fee and expense waivers ⁴	<u>0.06%</u>
Net annual fund operating expenses	1.25%

¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.

² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 2.00% on the proceeds from redemptions of shares held for 60 days or less.

³ This table shows the estimated operating expenses of Class I Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

⁴ The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.25% for Class I Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year

\$123

3 Years

\$402

INVESTMENT OBJECTIVE

The AQR Emerging Markets Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the MSCI Emerging Markets Total Return Index with Net Dividends Unhedged in U.S. Dollars (the *Emerging Markets Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Emerging Markets Benchmark* is a free float-adjusted market capitalization index that is designed to measure the performance of equities in emerging markets.

The Fund's portfolio normally will be managed by both overweighting and underweighting securities, countries and currencies relative to the *Emerging Markets Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *Emerging Markets Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach emphasizing both top-down country/currency allocation and bottom-up security selection decisions that include selection of individual stocks within industries as well as explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate an investment portfolio based on the *Adviser's* global asset allocation models and security selection procedures. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios for choosing individual equities and countries, and interest rate differentials for choosing currencies.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum for choosing individual equities and countries, and foreign exchange rate momentum for selecting currencies.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

The *Adviser* views the selection of individual securities, countries and currencies as three independent decisions. The *Adviser* may utilize country index futures, index swaps and foreign currency forwards to overweight or underweight the country and currency exposure of the overall portfolio relative to the *Emerging Markets Benchmark*.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in equity and equity-related instruments (including, but not limited to,

exchange-traded funds, equity index futures, equity index swaps and depositary receipts) of emerging market countries. For this purpose, the *Adviser* considers an emerging market country to be one whose economy or markets are similar to those included in the *Emerging Markets Benchmark*. The criteria used by the *Adviser* to make this determination include, but are not limited to, the following: gross domestic product per capita, OECD membership, currency regime, restrictions on investment, political risk, market liquidity, and other similar considerations.

The *Adviser* invests primarily in securities comprising the *Emerging Markets Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use options, warrants, equity swaps, financial futures contracts and other types of derivative instruments in seeking to achieve its investment objective. A portion of the Fund' s assets may be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The Fund may invest to a lesser extent in securities of issuers, countries and currencies not included in the *Emerging Markets Benchmark*. However, the *Adviser* does not currently expect such securities to be a significant component of the Fund' s investment portfolio.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund' s portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk	Emerging markets risk	Market risk
Counterparty risk	Foreign securities risk	New fund risk
Derivatives risk	Manager risk	Securities lending risk
		Value style risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives-Risk Factors" on pages 36 to 40 of this Prospectus.

PERFORMANCE INFORMATION

As the AQR Emerging Markets Fund has not yet commenced operations as of the date of this prospectus, no full calendar year performance information is available.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class I Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class I</u>
Redemption fee (as a percentage of amount redeemed)	2% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.70%
Other expenses	0.65%
Total annual fund operating expenses	1.35%
Less: Contractual fee and expense waivers ⁴	0.10%
Net annual fund operating expenses	1.25%

- ¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.
- ² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 2.00% on the proceeds from redemptions of shares held for 60 days or less.
- ³ This table shows the estimated operating expenses of Class I Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.
- ⁴ The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.25% for Class I Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year

\$123

3 Years

\$409

INVESTMENT OBJECTIVE

The AQR Equity Plus Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the Russell 1000[®] Index (the *Equity Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Equity Benchmark* is designed to measure the performance of larger capitalization equities in the United States.

The Fund's portfolio normally will be managed by both overweighting and underweighting or selling short securities relative to the *Equity Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *Equity Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach that includes both selection of individual stocks within industries and explicit industry/sector selection.

The term "Plus" in the Fund's name refers to the ability of the Fund to sell securities short. In a traditional fund that does not permit short sales of securities, the fund's adviser can at most assign a zero weighting to securities that the adviser expected to underperform. In this Fund, the *Adviser* can actually sell securities short that the *Adviser* views as likely to go down in value or underperform. When the Fund sells a security short, it borrows the security from a third party and sells it at the then current market price. The Fund is then obligated to buy the security on a later date so that it can return the security to the lender. In addition, the ability of the Fund to sell securities short should enable the Fund to invest in additional securities as long positions while normally keeping the overall net exposure to the market the same as a traditional long-only strategy.

The Fund generally will hold (i) long positions, either directly or through derivatives, equal to approximately 130% of the Fund's net assets and (ii) short positions, either directly or through derivatives, equal to approximately 30% of the Fund's net assets. The Fund intends to maintain an approximate net 100% long exposure to the equity market (i.e., long market value minus short market value). The long and short positions held by the Fund may vary over time as market opportunities develop. Under normal market conditions, the Fund's long positions may range from 120% to 140% of its net assets and its short positions may range from 20% to 40% of its net assets. However, in times of unusual or adverse market, economic or political conditions, the Fund's long positions may be less than 120% of its net assets and/or its short positions may be less than 20% of its net assets.

The *Adviser* uses a set of value, momentum and economic factors to generate its investment portfolio. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum and earnings momentum.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

The Fund invests primarily in securities comprising the *Equity Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use equity or equity-related instruments, options, warrants, financial futures contracts and other types of derivative instruments in seeking to achieve its investment objective. The Fund may invest to a lesser extent in securities of companies not included in the *Equity Benchmark*. A portion of the Fund's assets may be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund's portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk	Leveraging risk	Securities lending risk
Counterparty risk	Manager risk	Short sale risk
Derivatives risk	Market risk	Value style risk
High portfolio turnover risk	New fund risk	Volatility risk

PERFORMANCE INFORMATION

As the AQR Large Cap Plus Fund has not yet commenced operations as of the date of this prospectus, no full calendar year performance information is available.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class I Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class I</u>
Redemption fee (as a percentage of amount redeemed)	1% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.70%
Other expenses	
Dividend on short sales ⁴	0.13%
All other expenses	0.98%
Total annual fund operating expenses	1.81%
Less: Contractual fee and expense waivers ⁵	0.48%
Net annual fund operating expenses	1.33%

¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.

² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 1.00% on the proceeds from redemptions of shares held for 60 days or less.

³ This table shows the estimated operating expenses of Class I Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

- 4 Dividends on short sales are dividends paid to lenders on borrowed securities. These expenses relating to dividends on short sales are estimated and will vary depending on whether the securities the Fund sells short pay dividends and on the size of such dividends.

- 5 The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.20% for Class I Shares, exclusive of interest, taxes, dividend expense, borrowing costs, acquired fund fees and expenses, interest expense related to short sales, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year

\$135

3 Years

\$506

INVESTMENT OBJECTIVE

The AQR Small Cap Core Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the Russell 2000[®] Index (the *Small Cap Core Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Small Cap Core Benchmark* is designed to measure the performance of smaller capitalization equities in the United States.

The term “core” for purposes of this Fund means investment generally in a combination of growth and value stocks. The Fund’s portfolio normally will be managed by both overweighting and underweighting securities relative to the *Small Cap Core Benchmark*, using the *Adviser’s* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *Small Cap Core Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach that includes both selection of individual stocks within industries and explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate its investment portfolio. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum and earnings momentum.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser’s* proprietary research.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in instruments of or related to smaller capitalization issuers. For this purpose, the *Adviser* considers issuers with market capitalizations that are similar to those that qualify for inclusion in the *Small Cap Core Benchmark* to be smaller capitalization issuers. The Fund will invest in securities whose market capitalization is below \$3 billion at the time of purchase.

The Fund invests primarily in securities comprising the *Small Cap Core Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use equity or equity-related instruments, options, warrants, financial futures contracts and other types of derivative instruments in seeking to achieve its investment objective. The Fund may invest to a lesser extent in securities of companies not included in the *Small Cap Core Benchmark*. A portion of the Fund’s assets may be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund's portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk

Manager risk

Securities lending risk

Counterparty risk

Market risk

Small cap securities risk

Derivatives risk

New fund risk

Value style risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives–Risk Factors" on pages 36 to 40 of this Prospectus.

PERFORMANCE INFORMATION

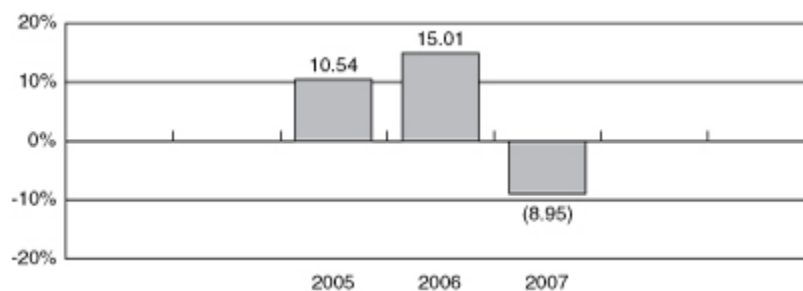
The AQR Small Cap Core Fund's past performance (before and after taxes), as provided by the bar chart and performance table that follow, is not an indication of how the Fund will perform in the future. The chart and the table provide some indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and how the Fund's returns compare to a broad measure of market performance.

A privately offered fund managed by the *Adviser* is expected to be reorganized into the Fund as of the date the Fund commenced operations (i.e., on or about January 19, 2009). This privately offered fund was organized in November 2004 and commenced operations on December 1, 2004. It had an investment objective, investment policies and restrictions that were, in all material respects, the same as those of the Fund. However, the privately offered fund was not registered as an investment company under the *1940 Act*. In addition, this privately offered fund was not subject to certain investment limitations, diversification requirements, liquidity requirements, and other restrictions imposed by the *1940 Act* and the *Code* which, if applicable, might have adversely affected its performance.

The Fund's performance for periods prior to the commencement of operations on or about January 19, 2009 is that of the privately offered fund. The privately offered fund's total annual fund operating expenses during the periods presented were lower than the Fund's estimated total annual fund operating expenses for Class I Shares. The Fund has restated the privately offered fund's performance to reflect the Fund's fees, estimated expenses and fee waivers/expense limitations of Class I Shares upon their initial offering.

Class I Shares - Total Returns for Years Ended December 31

The bar chart below provides an illustration of how the Fund's performance has varied in each of the indicated calendar years.



Highest Quarterly Return	Lowest Quarterly Return
13.26% (1Q06)	-7.77% (3Q07)

During the third quarter of 2008, the fund had a total return of -0.29% for Class I shares.

Average Annual Total Returns for Periods Ended December 31, 2007

The following table compares the Fund's average annual *total returns* for Class I shares as of December 31, 2007 to the *Small Cap Core Benchmark*. The returns shown for the *Small Cap Core Benchmark* do not reflect the deduction of fees, expenses or taxes, because the *Small Cap Core Benchmark* is not a fund. You can not invest directly in an index.

	1 Year	Since Inception ***
AQR Small Cap Core Fund		
Return Before Taxes	-8.95%	6.34%
Return After Taxes on Distributions*	-9.41%	5.65%
Return After Taxes on Distributions and Sale of Fund Shares*	-9.41%	5.09%
Russell 2000 Index (reflects no deductions for fees, expenses or taxes)**	-1.57%	7.62%

As of September 30, 2008, Class I Shares of the Fund had a year-to-date return of -10.13%, a one-year return of -16.38%, and a return since inception of 2.18%.

* After-tax returns are calculated using the historical highest individual marginal tax rates and do not reflect the impact of state and local taxes. In some cases, the return after taxes may exceed the return before taxes due to an assumed benefit from any losses on a sale of Fund shares at the end of the measurement period. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

** The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe

*** The Fund's inception was on December 1, 2004

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class I Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class I</u>
Redemption fee (as a percentage of amount redeemed)	1% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.70%
Other expenses	<u>0.93%</u>
Total annual fund operating expenses	1.63%
Less: Contractual fee and expense waivers ⁴	<u>0.43%</u>
Net annual fund operating expenses	1.20%

- ¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.
- ² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 1.00% on the proceeds from redemptions of shares held for 60 days or less.
- ³ This table shows the estimated operating expenses of Class I Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.
- ⁴ The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.20% for Class I Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year	\$122
3 Years	\$457

INVESTMENT OBJECTIVE

The AQR Small Cap Growth Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the Russell 2000[®] Growth Index (the *Small Cap Growth Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Small Cap Growth Benchmark* is designed to measure the performance of smaller capitalization equities with above-average price-to-book ratios and forecasted growth rates in the United States.

The Fund's portfolio normally will be managed by both overweighting and underweighting securities relative to the *Small Cap Growth Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *Small Cap Growth Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach that includes both selection of individual stocks within industries and explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate its investment portfolio. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures. Examples of value strategies include using price-to-earnings and price-to-book ratios. Since the AQR Small Cap Growth Fund invests primarily in companies included in the *Small Cap Growth Benchmark*, the application of value strategies seeks to identify securities that display good relative value among companies that share growth characteristics.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum and earnings momentum.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in instruments of or related to smaller capitalization issuers. For this purpose, the *Adviser* considers issuers with market capitalizations that are similar to those that qualify for inclusion in the *Small Cap Growth Benchmark* to be smaller capitalization issuers. The Fund will invest in securities whose market capitalization is below \$3 billion at the time of purchase.

The Fund invests primarily in securities comprising the *Small Cap Growth Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use equity or equity-related instruments, options, warrants, financial futures contracts and other types

of derivative instruments in seeking to achieve its investment objective. The Fund may invest to a lesser extent in securities of companies not included in the *Small Cap Growth Benchmark*. A portion of the Fund's assets may be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund's portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk	Growth style risk	New fund risk
Counterparty risk	Manager risk	Securities lending risk
Derivatives risk	Market risk	Small cap securities risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives–Risk Factors" on pages 36 to 40 of this Prospectus.

PERFORMANCE INFORMATION

As the AQR Small Cap Growth Fund has not yet commenced operations as of the date of this prospectus, no full calendar year performance information is available.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class I Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class I</u>
Redemption fee (as a percentage of amount redeemed)	1% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.70%
Other expenses	<u>0.92%</u>
Total annual fund operating expenses	1.62%
Less: Contractual fee and expense waivers ⁴	<u>0.42%</u>
Net annual fund operating expenses	1.20%

- ¹ The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.
- ² Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 1.00% on the proceeds from redemptions of shares held for 60 days or less.
- ³ This table shows the estimated operating expenses of Class I Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.
- ⁴ The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.20% for Class I Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year	\$122
3 Years	\$455

INVESTMENT OBJECTIVE

The AQR Diversified Arbitrage Fund seeks long-term absolute (positive) returns.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the Merrill Lynch 3 Month Treasury Bill Index (the *Absolute Return Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Absolute Return Benchmark* is designed to measure the performance of a high-quality short-term cash-equivalent investment. An investment in the Fund is more volatile than an investment in Treasury Bills, and is also not backed by the full faith and credit of the U.S. government

The Fund invests in a diversified portfolio of arbitrage and alternative investment strategies employed by hedge funds and proprietary trading desks of investment banks, including merger arbitrage, convertible arbitrage, and other kinds of arbitrage or alternative investment strategies described more fully below. The *Sub-Adviser* tactically allocates the Fund's assets across alternative investment strategies with desirable anticipated returns based on market conditions.

The *Sub-Adviser* will utilize hedging strategies with the intent of (i) reducing the risk associated with each of the arbitrage strategies; (ii) keeping the overall volatility of the Fund's net asset value relatively low; and (iii) keeping a relatively low correlation with the overall equity market. As conditions warrant, the Fund may borrow from banks to increase its portfolio holdings of securities. The *1940 Act* requires the Fund to maintain continuous asset coverage of not less than 300% with respect to all borrowings. This allows the Fund to borrow for such purposes an amount equal to as much as 33 1/3% of the value of its total assets.

The Fund will also engage extensively in short sales of securities. When the Fund sells a security short, it borrows the security from a third party and sells it at the then current market price. The Fund is then obligated to buy the security on a later date so that it can return the security to the lender. For arbitrage strategies, the Fund will generally buy securities and simultaneously sell securities short in amounts that are intended to result in an approximately neutral economic exposure to overall market movements.

In response to recent market events, regulatory authorities in various countries, including the United States, United Kingdom and several European countries, have enacted rules prohibiting the short-selling of certain stocks and/or naked short selling (i.e., selling short without having stock available for delivery and intentionally failing to deliver stock within the standard settlement cycle). The length and extent of the bans and type of securities included in the bans vary from country to country. In most cases, the bans focus on the short selling of financial stocks and/or naked short selling. These bans may restrict the Fund's ability to fully implement its strategy.

The Fund normally invests primarily in equity or convertible debt securities. The Fund has no policy with respect to the credit rating, maturity or duration of the debt securities in which it may invest, and may invest in debt securities of any credit rating, maturity or duration. In response to adverse market, economic or other conditions, such as the availability of attractive arbitrage opportunities (or lack thereof) and the level of merger activity, the Fund may temporarily invest a substantial portion of its assets in cash or cash-equivalent securities. During such periods it may not achieve its investment objective.

Examples of Arbitrage and Other Alternative Investment Strategies:

Merger Arbitrage: When engaging in merger arbitrage, the *Sub-Adviser* buys shares of the “target” company in a proposed merger or other reorganization between two companies. If the transaction is for the stock of the acquirer, the *Sub-Adviser* may seek to hedge the exposure to the acquirer by shorting the stock of the acquiring company in an amount determined with reference to the exchange ratio specified in the agreement between the acquirer and the target company.

Merger arbitrage investments are based on the premise that when a merger or similar deal between two companies is announced, the stock price of the target generally increases substantially as a result of the premium offered by the acquirer, but trades at a small discount to the consideration offered by the acquirer until the deal closes.

While most corporate deals close successfully, many investors holding a target company’s shares may choose to sell them before closing to avoid the potential for a steep loss in value if the transaction fails to close.

The discount in the value of the target company’s stock reflects the tension between (i) the likelihood of a completed transaction paying a certain amount of consideration for a target’s shares and (ii) the willingness of holders of the target’s stock to sell their stock at a discount prior to closing to lock in gains and avoid the risk of a significant loss in value of the target’s stock if the transaction does not close.

The Fund invests in stocks of target companies in potential merger transactions based on the *Sub-Adviser’s* expected risk-adjusted return for the arbitrage transaction. In most cases, the Fund will buy the target’s stock soon after the announcement of the merger transaction and in most cases will hold the stock until the deal is completed. While the Fund will usually invest in the common stock of the target, it may also invest in other securities of the target such as convertible debentures, options, and bonds. The Fund generally invests in target firms located in the United States, but may also invest in target firms located in other countries if circumstances warrant.

Convertible Arbitrage: When employing a convertible arbitrage strategy, the *Sub-Adviser* invests in *Convertible Securities* trading at substantial discounts to their fundamental values and attempts to mitigate the various risks associated with investing in such *Convertible securities*.

A *Convertible Security* is a debenture or a preferred security that the holder may exchange into the common stock of a company at a pre-specified rate of conversion under certain circumstances. Because it offers an option to convert the security into common stock, the convertible security pays less interest or preferred dividend than any comparable non-convertible debt or preferred stock issued by the company.

Convertible Securities are a substantial source of capital for many companies, especially those with high risk, low cash flows and immediate need for funding. Convertible securities are usually sold at a discount to their fundamental value and, given their limited liquidity, normally trade at a discount in the secondary market for a lengthy period of time until they mature, are redeemed or otherwise extinguished by corporate action.

Convertible arbitrageurs (such as the Fund) normally are the primary participants in the *Convertible Securities* market, and typically buy the *Convertible Security* and seek to mitigate the various risks associated with the security (*i.e.*, equity risk, credit risk, and interest rate risk) by using various investment strategies. For example, equity risk may be hedged by *shorting* the stock of the issuer in an amount based on the sensitivity of the *Convertible Security* to the issuer's stock.

In most cases, the holding period for an investment by the Fund in a convertible arbitrage trade will be longer than a year, and could be several years for some investments. The Fund generally will hold *Convertible Securities* of domestic issuers, but may purchase *Convertible Securities* of foreign issuers if circumstances warrant.

Other arbitrage strategies: The *Sub-Adviser* also may employ other arbitrage strategies, such as “when-issued trading” arbitrage, “stub-trading” arbitrage and “dual-class” arbitrage.

When-issued arbitrage takes advantage of inefficiencies in the prices at which a parent's and subsidiary's stock are trading on a “when-issued” basis immediately prior to the spin-off of the subsidiary.

Stub-trading arbitrage takes advantage of inefficiencies in the prices at which a stock of a publicly traded parent corporation and its publicly traded subsidiary are trading.

Dual-class arbitrage takes advantage of inefficiencies in the prices at which different classes of a publicly traded company's stock are trading.

The Fund may employ additional arbitrage strategies as they arise.

Other Types of Alternative Investment Strategies: The *Sub-Adviser* also pursues other, non-arbitrage “alternative” investment strategies as the *Sub-Adviser* sees market opportunities to do so. For example, the Fund expects to enter into “price pressure” trades, and may invest in or engage in trading relative to “SPACs” (special purpose acquisition vehicles), short-term debt, distressed securities, and “PIPEs” (private investments in public entities).

When the Fund enters into “price pressure” trades, it seeks to take advantage of situations in which concentrated buying or selling of securities by a particular group of investors overwhelms the regular trading for the security and affects the price at which the security trades. The Fund will buy stocks subject to price pressure and will hedge these purchases by shorting market indices or comparable stocks.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund's portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Arbitrage risk	Foreign securities risk	Market risk
Common stock risk	High portfolio turnover risk	New fund risk
Counterparty risk	Illiquid investments risk	Securities lending risk
Derivatives risk	Leverage risk	Short sale risk
	Manager risk	Volatility risk

For more information on risks, see “How the Funds Pursue Their Investment Objectives-Risk Factors” on pages 36 to 40 of this Prospectus.

PERFORMANCE INFORMATION

As the AQR Diversified Arbitrage Fund has not yet commenced operations as of the date of this prospectus, no full calendar year performance information is available.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class I Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

	<u>Class I</u>
Redemption fee (as a percentage of amount redeemed)	1% of redemption proceeds on shares held for 60 days or less ¹
Exchange fee	None ²

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)³

Management fee	0.70%
Other expenses	
Dividends on short sales ⁴	0.25%
All other expenses	<u>0.98%</u>
Total annual fund operating expenses	1.93%

Less: Contractual fee and expense waivers⁵

0.48%

Net annual fund operating expenses

1.45%

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- 1 The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.
 - 2 Exchanges of shares constitute a redemption and purchase, and thus are subject to a fee of 1.00% on the proceeds from redemptions of shares held for 60 days or less.
 - 3 This table shows the estimated operating expenses of Class I Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.
 - 4 Dividends on short sales are dividends paid to lenders on borrowed securities. These expenses relating to dividends on short sales are estimated and will vary depending on whether the securities the Fund sells short pay dividends and on the size of such dividends.

- 5 The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.20% for Class I Shares, exclusive of interest, taxes, dividend expense, borrowing costs, acquired fund fees and expenses, interest expense related to short sales, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year	\$148
3 Years	\$543

RELATED PERFORMANCE INFORMATION

AQR SMALL CAP GROWTH FUND

The information set forth below shows historical total returns for a privately offered fund. The fund had investment objectives and policies that are substantially similar to those of the AQR Small Cap Growth Fund. The *Adviser* intends to manage the AQR Small Cap Growth Fund in a manner substantially similar to that of the fund.

The performance information is historical of the *Adviser* in managing a privately offered fund with substantially similar investment objectives and policies and should not be considered predictive of the Fund' s future results. The fund was not registered as an investment company under the *1940 Act*. In addition, this fund was not subject to certain investment limitations, diversification requirements, liquidity requirements, and other restrictions imposed by the *1940 Act* and the *Code* which, if applicable, might have adversely affected its performance.

The manner in which the performance was calculated for the privately offered fund differs from that of registered *mutual funds* such as the Fund. This composite performance data was calculated in accordance with Global Investment Performance Standards (“GIPS”). All returns presented were calculated on a total return basis and include all dividends and interest, accrued income, and realized and unrealized gains and losses. Securities are valued as of trade-date. The currency used to express performance in the composite is U.S. dollars. The performance information shown below is not necessarily representative of the performance information that typically would be shown for a registered *mutual fund*.

The privately offered fund' s total annual operating expenses during the periods presented were lower than the Fund' s estimated total annual fund operating expenses for Class I Shares. The performance presented has been restated to reflect the Fund' s fees, estimated expenses and fee waivers/expense reimbursements for Class I Shares upon their initial offering.

Prior Performance of Similar Fund Managed by the *Adviser*

Average Annual Total Return for Periods Ended September 30, 2008

	<u>1 Year</u>	<u>5 Year</u>	<u>Since Inception **</u>
AQR Small Cap Growth Fund, LLC	-19.71%	5.17%	3.62%
Russell 2000 Growth Index (reflects no deductions for fees, expenses or taxes)*	-17.07%	6.52%	3.92%

* The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe

** The Fund' s inception was on February 1, 2002

HOW THE FUNDS PURSUE THEIR INVESTMENT OBJECTIVES

INVESTMENT TECHNIQUES

In addition to the principal investment strategies described above, each of the Funds may employ the following technique in pursuing their investment objectives.

Securities Lending. To attempt to increase its income or total return, a Fund may lend its portfolio securities to certain types of eligible borrowers. A Fund may lend its portfolio securities to certain types of eligible borrowers in amounts up to 33 1/3% of its total assets, which may include collateral. Each loan will be secured continuously by collateral in the form of cash, high quality money market instruments or securities issued by the U.S. government or its agencies or instrumentalities. Collateral will be received and maintained by a Fund's custodian concurrent with delivery of the loaned securities and kept in a segregated account or designated on the records of the custodian for the benefit of a Fund. A Fund has a right to call a loan at any time and require the borrower to redeliver the borrowed securities to the Fund within the settlement time specified in the loan agreement or be subject to a "buy in". A Fund will generally not have the right to vote securities while they are being loaned, but it is expected that the *Adviser* or *Sub-Adviser*, as applicable, will call a loan in anticipation of any important vote. Securities lending will be conducted by a securities lending agent approved by the Trust's *Board of Trustees*. The securities lending agent maintains a list of broker-dealers, banks or other institutions that it has determined to be creditworthy. A Fund will only enter into loan arrangements with borrowers on the approved list.

RISK FACTORS

All investments, including those in *mutual funds*, have risks, and no one investment is suitable for all investors. Each Fund is intended for long-term investors. You may be subject to the risks described below if you invest in a Fund, based on the risks identified for a particular Fund in that Fund's description above.

Arbitrage Risk: A Fund employing arbitrage strategies has the risk that the anticipated arbitrage opportunity does not play out as planned, resulting in potentially reduced returns or losses to the Fund as it unwinds its trade.

Common Stock Risk: Each Fund invests significantly in common stocks, which are a type of equity security that represents an ownership interest in a corporation. Common stocks are subject to greater fluctuations in market value than other asset classes as a result of such factors as a company's business performance, investor perceptions, stock market trends and general economic conditions. The rights of common stockholders are subordinate to all other claims on a company's assets, including debt holders and preferred stockholders. Therefore, a Fund could lose money if a company in which it invests becomes financially distressed.

Counterparty Risk: The *Adviser* or *Sub-Adviser* may make use of futures, forwards, swaps and other forms of derivative contracts. In general, a derivative contract (including options, as described below) typically involves leverage, i.e., it provides exposure to potential gain or loss from a change in the level of the market price of a security, currency or commodity (or a basket or index) in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivative contract. Many of these derivative contracts will be privately negotiated in the over-the-counter market. These contracts also involve exposure to credit risk, since contract performance depends in part on the financial condition of the counterparty. If a privately negotiated over-the-counter contract calls for payments by a Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of agreements with such counterparty can be expected to decline, potentially resulting in losses by a Fund.

Derivatives Risk: The use of derivative instruments exposes a Fund to additional risks and transaction costs. These instruments come in many varieties and have a wide range of potential risks and rewards, and may include futures contracts, options on futures contracts, options (both written and purchased), swaps, and forward currency exchange contracts. Risks of these instruments include:

that interest rates, securities prices and currency markets will not move in the direction that the portfolio managers anticipate;

that prices of the instruments and the prices of underlying securities, interest rates or currencies they are designed to reflect do not move together as expected;

that the skills needed to use these strategies are different than those needed to select portfolio securities;

the possible absence of a liquid secondary market for any particular instrument and, for exchange-traded instruments, possible exchange-imposed price fluctuation limits, either of which may make it difficult or impossible to close out a position when desired;

that adverse price movements in an instrument can result in a loss substantially greater than a Fund' s initial investment in that instrument (in some cases, the potential loss is unlimited);

particularly in the case of privately-negotiated instruments, that the counterparty will not perform its obligations, which could leave a Fund worse off than if it had not entered into the position;

the inability to close out certain hedged positions to avoid adverse tax consequences, and the fact that some of these instruments, such as credit default swaps, may have uncertain tax implications for the Funds;

the fact that "speculative position limits" imposed by the Commodity Futures Trading Commission and certain futures exchanges on net long and short positions may require the Funds to limit or unravel positions in certain types of instruments; and

the high levels of volatility some of these instruments may exhibit, in some cases due to the high levels of leverage an investor may achieve with them.

Emerging Market Risk: A Fund investing in emerging markets will, among other things, be exposed to all the risks described below in the Foreign Securities Risk section, and you should review that section carefully. However, there are greater risks involved in investing in emerging market countries and/or their securities markets than there are in more developed countries and/or markets. Generally, economic structures in these countries are less diverse and mature than those in developed countries, and their political systems are less stable. Investments in

emerging market countries may be affected by national policies that restrict foreign investment in certain issuers or industries. The small size of their securities markets and low trading volumes can make investments illiquid and more volatile than investments in developed countries and such securities may be subject to abrupt and severe price declines. A Fund investing in emerging market countries may be required to establish special custody or other arrangements before investing. In addition, because the securities settlement procedures are less developed in these countries, a Fund may be required to deliver securities before receiving payment and may also be unable to complete transactions during market disruptions. The possible establishment of exchange controls or freezes on the convertibility of currency might adversely affect an investment in foreign securities.

Foreign Securities Risk: A Fund's investments in foreign securities, including depositary receipts, involve risks not associated with investing in U.S. securities. Foreign markets may be less liquid, more volatile and subject to less government supervision than domestic markets. There may be difficulties enforcing contractual obligations, and it may take more time for trades to clear and settle. The specific risks of investing in foreign securities, among others, include:

Currency Risk: The risk that changes in currency exchange rates will negatively affect securities denominated in, and/or receiving revenues in, foreign currencies. Adverse changes in currency exchange rates (relative to the U.S. dollar) may erode or reverse any potential gains from the Funds' investments in securities denominated in a foreign currency or may widen existing losses. To the extent that a Fund is invested in foreign securities while also maintaining currency positions, it may be exposed to greater combined risk. A Fund's net currency positions may expose it to risks independent of its securities positions.

Geographic Risk: If a Fund concentrates its investments in issuers located or doing business in any country or region, factors adversely affecting that country or region will affect the Fund's net asset value more than would be the case if the Fund had made more geographically diverse investments. The economies and financial markets of certain regions, such as Latin America or Asia, can be highly interdependent and decline all at the same time.

Political/Economic Risk: Changes in economic and tax policies, government instability, war or other political or economic actions or factors may have an adverse effect on a Fund's foreign investments, potentially including expropriation and nationalization, confiscatory taxation, and the potential difficulty of repatriating funds to the United States.

Regulatory Risk: Issuers of foreign securities and foreign securities markets are generally not subject to the same degree of regulation as are U.S. issuers and U.S. securities markets. The reporting, accounting and auditing standards of foreign countries may differ, in some cases significantly, from U.S. standards.

Transaction Costs Risk: The costs of buying and selling foreign securities, including tax, brokerage and custody costs, generally are higher than those involving domestic transactions.

Use of Foreign Currency Forward Agreements: Foreign currency forward prices are influenced by, among other things, changes in balances of payments and trade, domestic

and international rates of inflation, international trade restrictions and currency devaluations and revaluations. Investments in currency forward contracts may cause a Fund to maintain net short positions in any currency, including home country currency. In other words, the total value of short exposure to such currency (such as short spot and forward positions in such currency) may exceed the total value of long exposure to such currency (such as long individual equity positions, long spot and forward positions in such currency).

Growth Style Risk: Growth investing involves buying stocks that have relatively high price-to-earnings ratios. Growth stocks may be more volatile than other stocks because they are generally more sensitive to investor perceptions and market moves. During periods of growth stock underperformance, the investment performance of a Fund using a growth stock strategy may suffer.

High Portfolio Turnover Risk: To the extent that a Fund makes investments on a shorter-term basis, the Fund may as a result trade more frequently and incur higher levels of brokerage fees and commissions, and cause higher levels of current tax liability to shareholders in the Fund.

Illiquid Investments Risk: If a Fund invests in illiquid investments, it may experience difficulty in selling the investments in a timely manner at the price it believes the investments are worth. If it needs to sell the investments quickly, for example to satisfy Fund shareholder redemption requests, it may be unable to do so, or to do so at a price the *Adviser* or *Sub-Adviser* deems appropriate.

Leveraging Risk: If a Fund uses leverage through activities such as borrowing, entering into short sales, purchasing securities on margin or on a “when-issued” basis or purchasing derivative instruments in an effort to increase its returns, the Fund has the risk of magnified capital losses that occur when losses affect an asset base, enlarged by borrowings or the creation of liabilities, that exceeds the net assets of the Fund. The net asset value of a Fund employing leverage will be more volatile and sensitive to market movements. Leverage may involve the creation of a liability that requires a Fund to pay interest.

Manager Risk: If a Fund’s portfolio managers make poor investment decisions, it will negatively affect the Fund’s investment performance.

Market Risk: Each Fund is subject to market risk, which is the risk that the markets on which the Fund’s investments trade will increase or decrease in value. Market risk applies to every Fund investment. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. If there is a general decline in the securities and other markets, your investment in a Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests.

New Fund Risk: The Trust and Funds are newly-formed, and the *Adviser* has not previously served as the primary adviser, and the *Sub-Adviser* has not previously served as an investment *Sub-Adviser* to an investment company registered under the *1940 Act*. Accordingly, investors in a Fund bear the risk that the Fund may not be successful in implementing its investment strategy, and may not employ a successful investment strategy, any of which could result in the Fund being liquidated at any time without shareholder approval and at a time that may not be favorable for all shareholders. Such a liquidation could have negative tax consequences for shareholders.

Securities Lending Risk: A Fund's risk in lending portfolio securities, as with other extensions of credit, consists of the possibility of loss to the Fund due to (i) the inability of the borrower to return the securities, (ii) a delay in receiving additional collateral to adequately cover any fluctuations in the value of securities on loan, (iii) a delay in recovery of the securities, or (iv) the loss of rights in the collateral should the borrower fail financially. In addition, each of the Funds is responsible for any loss that might result from its investment of the borrower's collateral.

Short Sale Risk: A Fund enters into a short sale by selling a security it has borrowed (typically from a broker or other institution). If the market price of a security increases after a Fund borrows the security, the Fund will suffer a (potentially unlimited) loss when it replaces the borrowed security at the higher price. In certain cases, purchasing a security to cover a short position can itself cause the price of the security to rise further, thereby exacerbating the loss. In addition, a Fund may not always be able to borrow the security at a particular time or at an acceptable price. Short sales also involve transaction and other costs that will reduce potential Fund gains and increase potential Fund losses. Before a Fund replaces a borrowed security, it is required to designate on its books cash or liquid assets as collateral to cover the Fund's short position, marking the collateral to market daily. This obligation limits a Fund's investment flexibility, as well as its ability to meet redemption requests or other current obligations.

Small Cap Securities Risk: A Fund may invest its assets in the stocks of companies with smaller market capitalizations. While the *Adviser* and *Sub-Adviser* believe these investments may provide significant potential for appreciation, they involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid (*i.e.*, harder to sell) than that of larger capitalization stocks. Smaller capitalization companies also fail more often than larger companies and may have more limited management and financial resources than larger companies.

Value Style Risk: Investing in "value" stocks presents the risk that the stocks may never reach what the *Adviser* believes are their full market values, either because the market fails to recognize what the *Adviser* considers to be the companies' true business values or because the *Adviser* misjudged those values. In addition, value stocks may fall out of favor with investors and underperform growth stocks during given periods.

Volatility Risk: A Fund may have investments that appreciate or decrease significantly in value over short periods of time. This may cause the Fund's net asset value per share to experience significant appreciations or decreases in value over short periods of time.

PORTFOLIO HOLDINGS DISCLOSURE

A description of the Funds' policies and procedures with respect to the disclosure of the Funds' portfolio securities is available in the Funds' Statement of Additional Information.

CHANGE IN OBJECTIVE

Each Fund' s investment objective is not fundamental and may be changed by the *Board of Trustees* without shareholder approval. Shareholders will normally receive at least 30 days' written notice of any change in a Fund' s investment objective.

MANAGEMENT OF THE FUNDS

AQR Funds is organized as a Delaware statutory trust (“Trust”). The Trust is governed by a *Board of Trustees* that is responsible for overseeing all business activities of the Trust.

The Funds’ *Adviser* is AQR Capital Management, LLC, a Delaware limited liability company formed in 1998. Subject to the overall authority of the *Board of Trustees*, the *Adviser* furnishes continuous investment supervision and management to the Funds’ portfolios and also furnishes office space, equipment, and management personnel. The *Adviser’s* address is Two Greenwich Plaza, 3rd Floor, Greenwich, CT 06830.

The *Adviser* is an investment management firm that employs a disciplined multi-asset, global research process. (AQR stands for Applied Quantitative Research.) Until the launch of the Funds, the *Adviser’s* investment products have been primarily provided through a limited set of collective investment vehicles and separate accounts that utilize all or a subset of the *Adviser’s* investment strategies. The *Adviser* also serves as a sub-adviser to several registered investment companies. These investment products range from aggressive, high volatility and market-neutral alternative strategies, to low volatility, more traditional benchmark-driven products.

Investment decisions are made by the *Adviser* using a series of global asset allocation, arbitrage, and security selection models, and implemented using proprietary trading and risk-management systems. The *Adviser* believes that a systematic and disciplined process is essential to achieving long-term success in investment and risk management. The principals of the *Adviser* have been pursuing the research supporting this approach since the late 1980s, and have been implementing this approach in one form or another since 1993. The research conducted by principals and employees of the *Adviser* has been published in a variety of professional journals since 1991. Please see the *Adviser’s website* (www.aqr.com) for additional information regarding the published papers written by the *Adviser’s* principals and other personnel.

The *Adviser’s* founding principals, Clifford S. Asness, Ph.D., David G. Kabiller, CFA, Robert J. Krail, and John M. Liew, Ph.D., and several colleagues founded the *Adviser* in January 1998. Each of the *Adviser’s* founding principals was formerly at Goldman Sachs, & Co., where Messrs. Asness, Krail, and Liew comprised the senior management of the Quantitative Research Group at Goldman Sachs Asset Management (GSAM). At GSAM, the team managed both traditional (managed relative to a benchmark) and non-traditional (managed seeking absolute returns) mandates. The founding principals formed the *Adviser* to build upon the success achieved at GSAM while enabling key professionals to devote a greater portion of their time to research and investment product development. The *Adviser* manages assets for institutional investors both in the United States and globally. The *Adviser* is based in Greenwich, Connecticut and employs approximately 200 people as of the date of this prospectus.

CNH Partners, LLC, a Delaware limited liability company formed in 2001, a merger arbitrage, convertible arbitrage and diversified arbitrage research affiliate of the Adviser, is the *Sub-Adviser* of the AQR Diversified Arbitrage Fund. The *Sub-Adviser* is a joint venture created in 2001 by the Adviser and RAIM, LLC (“RAIM”). RAIM was formed by Mark Mitchell Ph.D. and Todd Pulvino Ph.D. The Adviser compensates the *Sub-Adviser* out of the management fee the Adviser receives for managing the AQR Diversified Arbitrage Fund. The *Sub-Adviser’s* address is Two Greenwich Plaza, 1st Floor, Greenwich, CT 06830. The *Sub-Adviser* employs 7 people in Greenwich, Connecticut, and utilizes the infrastructure of the Adviser for non-portfolio management functions.

Each Fund pays an investment advisory fee to the Adviser for serving as investment adviser, as reflected below and expressed as a percentage of average daily net assets.

Fund

AQR Global Equity Fund	0.40%
AQR International Equity Fund	0.45%
AQR International Small Cap Fund	0.70%
AQR Emerging Markets Fund	0.70%
AQR Equity Plus Fund	0.70%
AQR Small Cap Core Fund	0.70%
AQR Small Cap Growth Fund	0.70%
AQR Diversified Arbitrage Fund	0.70%

The *Adviser* has contractually agreed to reimburse the Class I Shares of each Fund to the extent that the annual ordinary operating expenses of each Fund' s Class I Shares, exclusive of certain expenses, exceed the following percentages of the average daily net assets of that class:

Fund

AQR Global Equity Fund	0.85%
AQR International Equity Fund	0.90%
AQR International Small Cap Fund	1.25%
AQR Emerging Markets Fund	1.25%
AQR Equity Plus Fund	1.20%

AQR Small Cap Core Fund	1.20%
AQR Small Cap Growth Fund	1.20%
AQR Diversified Arbitrage Fund	1.20%

The expense limitation agreement is effective through December 31, 2010 for the AQR Global Equity Fund and the AQR International Equity Fund, and through April 30, 2010 for all the other Funds.

A discussion regarding the basis for the *Board of Trustees'* approval of the Funds' current *Advisory Agreement* with the *Adviser* and investment sub-advisory agreement with the *Sub-Adviser* will be available in the Funds' annual report to shareholders.

The AQR Global Equity Fund, AQR International Equity Fund and the AQR Emerging Markets Fund are managed by Messrs. Clifford S. Asness, Ph.D., Ronen Israel, Oktay Kurbanov, John M. Liew, Ph.D., and Lars Nielsen. The AQR International Small Cap Fund, the AQR Equity Plus Fund, the AQR Small Cap Core Fund and the AQR Small Cap Growth Fund are managed by Messrs. Clifford S. Asness, Ph.D., Jacques A. Friedman, Ronen Israel and Lars Nielsen.

Clifford S. Asness, Ph.D. is the Managing and Founding Principal of the *Adviser*. Prior to co-founding the *Adviser* in 1998, Dr. Asness was a Managing Director and Director of Quantitative Research for Goldman Sachs Asset Management. Dr. Asness holds a B.S. in Economics from the Wharton School and a B.S. in Engineering from the Moore School of Electrical Engineering at the University of Pennsylvania, as well as an M.B.A. and a Ph.D. in Finance from the University of Chicago.

Jacques A. Friedman is a Principal of the *Adviser*. Prior to joining the *Adviser* at its inception in 1998, he was an Associate in the Quantitative Research Group at Goldman Sachs Asset Management. Mr. Friedman holds a B.S. in Applied Mathematics from Brown University and an M.S. in Applied Mathematics from the University of Washington.

Ronen Israel is a Principal of the *Adviser*. Prior to joining the *Adviser* in 1999, he was a Senior Analyst at Quantitative Financial Strategies, Inc. Mr. Israel holds a B.S. in Economics from the Wharton School and a B.A.S. in Biomedical Science from the University of Pennsylvania, and an M.A. in Mathematics from Columbia University.

Oktay Kurbanov is a Principal of the *Adviser*. Prior to joining the *Adviser* at its inception in 1998, he was an Analyst in the Quantitative Research Group at Goldman Sachs Asset Management. Mr. Kurbanov holds a B.S. in Physics and Mathematics from the University of Michigan, and an M.B.A from the Stern School of Business at New York University.

John M. Liew, Ph.D. is a Founding Principal of the *Adviser*. Prior to co-founding the *Adviser* in 1998, Dr. Liew was a Vice President and portfolio manager for Goldman Sachs Asset Management. Dr. Liew holds a B.A. in Economics, an M.B.A. and a Ph.D. in Finance from the University of Chicago.

Lars Nielsen is a Principal of the *Adviser*. Prior to joining the *Adviser* in 2000, he was an Analyst in the Quantitative Research Group of Danske Invest. Mr. Nielsen holds a B.Sc. and a M.Sc. in Economics from the University of Copenhagen, Denmark.

The portfolio managers of the *Adviser* responsible for oversight of the AQR Diversified Arbitrage Fund are Ronen Israel and Lars Nielsen (biographies provided above). The portfolio managers of the *Sub-Adviser* for the AQR Diversified Arbitrage Fund are Mark Mitchell, Ph.D. and Todd Pulvino, Ph.D.

Mark Mitchell, Ph.D. is a co-founder and principal of the *Sub-Adviser*. Prior to co-founding the *Sub-Adviser*, Dr. Mitchell was a finance professor at University of Chicago (1990-1999) and Harvard University (1999-2003). Dr. Mitchell holds a Ph.D. in Economics from Clemson University and B.B.A. in Economics from University of Louisiana at Monroe.

Todd Pulvino, Ph.D. is a co-founder and principal of the *Sub-Adviser*. Prior to co-founding CNH Partners, Dr. Pulvino was a member of the finance faculty of Northwestern University's Kellogg School of Management and at Harvard Business School. Dr. Pulvino holds Ph.D. and A.M. degrees in Business Economics from Harvard University, an M.S. in Mechanical Engineering from the California Institute of Technology, and a B.Sc. degree in Mechanical Engineering from University of Wisconsin-Madison.

The Funds' Statement of Additional Information provides additional information regarding portfolio manager compensation, other accounts managed by each portfolio manager, and each portfolio manager's ownership of shares of the Fund(s) each such portfolio manager manages.

INVESTING WITH THE AQR FUNDS

The Funds are “no-load” *mutual funds*, which means that they do not impose any commission or sales charge when shares are purchased or sold. As discussed below, depending on the Fund, the Funds impose a 1% or 2% redemption fee on the proceeds from redemptions of shares held for 60 days or less.

Each Fund offers more than one class of shares. Each class of a Fund’s shares has a pro rata interest in the Fund’s investment portfolio, but differs as to expenses, distribution arrangements and the types of investors who may be eligible to invest in the share class. This prospectus only describes the Class I Shares of the Funds. The other share classes of the Funds are offered in separate prospectuses. Call 1-866-290-2688 to obtain more information concerning the Funds’ other share classes, including the prospectuses for these other share classes.

ELIGIBILITY TO BUY CLASS I SHARES

Each Fund’s Class I Shares are offered exclusively to institutional investors (such as qualified retirement plans) and certain types of investment management accounts made available through intermediaries (such as wrap fee programs and other programs charging asset-based fees) that meet the investment minimum requirements.

Class I Shares of the AQR Large Cap Plus Fund, AQR Small Cap Core Fund, AQR Small Cap Growth Fund, and AQR Diversified Arbitrage Fund are also offered to tax-exempt retirement plans of the *Adviser* and its affiliates and rollover accounts from those plans, as well as employees of the *Adviser*, trustees of AQR Funds, and members of their immediate families purchasing directly from the *Distributor*.

Prior to investing, non-U.S. residents should consult a qualified tax and/or legal adviser about whether purchasing shares of a Fund is a suitable investment given legal and tax ramifications; some non U.S. persons may not be permitted to invest in a Fund, depending on applicable laws and regulations.

The Funds reserve the right to refuse any request to purchase shares.

INVESTMENT MINIMUMS - CLASS I SHARES

The minimum initial account size is \$1,000,000 for eligible institutional investors. Amounts invested through an intermediary may be aggregated across AQR Funds for purposes of determining whether the \$1,000,000 minimum investment has been met. There is no minimum subsequent investment amount. The Funds have the discretion to waive or reduce the above minimum investment requirements.

TYPES OF ACCOUNTS - CLASS I SHARES

You may set up your account in any of the following ways:

Individual or Joint Ownership. Individual accounts are owned by one person. Joint accounts can have two or more owners, and provide for rights of survivorship.

Gift or Transfer to a Minor (UGMA, UTMA). These gift or transfer accounts let you give money to a minor for any purpose. The gift is irrevocable and the minor gains control of the account once he/she reaches the age of majority. Your application should include the minor's social security number.

Trust for Established Employee Benefit or Profit-Sharing Plan. The trust or plan must be established before you can open an account and you must include the date of establishment of the trust or plan on your application.

Business or Organization. You may invest money on behalf of a corporation, association, partnership or similar institution. You should include a certified resolution with your application that indicates which officers are authorized to act on behalf of the entity.

Retirement or Education. A qualified retirement account enables you to defer taxes on investment income and capital gains. Your contributions may be tax-deductible. For detailed information on the tax advantages and consequences of investing in individual retirement accounts (IRAs) and retirement plan accounts, please consult your tax advisor. The types of IRAs available to you are: Traditional IRA, Roth IRA, Rollover IRA, SIMPLE IRA, and Coverdell Education Savings Account (formerly called an Education IRA).

The IRA and Coverdell Education Savings Account custodian charges an annual maintenance fee (currently \$15.00) per IRA or ESA holder.

The Funds may be used as an investment in other kinds of retirement plans, including, but not limited to, Keogh plans maintained by self-employed individuals or owner-employees, traditional pension plans, corporate profit-sharing and money purchase pension plans, section 403(b)(7) custodial tax-deferred annuity plans, other plans maintained by tax-exempt organizations, cash balance plans and any and all other types of retirement plans. All of these accounts need to be established by the plan's trustee and the plan's trustee should contact the Funds regarding the establishment of an investment relationship.

SHARE PRICE

Net Asset Value. The price you pay for a share of a Fund, and the price you receive upon selling or redeeming a share of that Fund, is called the Fund's net asset value ("NAV") per share. Each Fund's *NAV* per share is computed as of the scheduled close of trading on the New York Stock Exchange (the "NYSE") (normally 4:00 p.m. Eastern time) on each day during which the *NYSE* is open for trading (a *Business Day*). Each Fund determines an *NAV* per share for each class of its shares. If the *NYSE* closes at any other time, or if an emergency exists, transaction deadlines and *NAV* calculations may occur at different times. The *NAV* per share of a Fund is computed by dividing the total current value of the assets of the Fund attributable to a class, less class liabilities, by the total number of shares of that class of the Fund outstanding at the time the computation is made.

Each Fund's investments are generally valued at market value, as determined based on readily available market quotations. The Funds may use pricing services to obtain readily available market quotations. The Funds value debt securities maturing less than 61 days from the date of purchase at amortized cost, which approximates market value.

Foreign markets may be open at different times and on different days than the *NYSE*, meaning that the value of the Funds' shares may change on days when shareholders are not able to buy or

sell their shares. Foreign currencies, securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rates generally determined as of 4:00 p.m. (Eastern time).

Where market quotations are not readily available, or if an available market quotation is determined not to be reliable, a security will be valued based on its fair value as determined in accordance with the valuation procedures approved by the *Board of Trustees*. When a security's fair value is determined, the valuation may differ depending on the valuation method used by the Trust's Valuation Committee. Shareholders who purchase or redeem shares when the value of one or more securities in a Fund's portfolio have been determined using fair valuation procedures may receive more or less shares or redemption proceeds than they would have if the securities had not been valued using the fair valuation procedures.

The Funds normally value equity securities primarily traded on North American, Central American, South American and Caribbean markets using market values as described above. However, the Funds have implemented and normally use fair value pricing on a daily basis for all equity securities that are not primarily traded on North American, Central American, South American and Caribbean markets because trading in these securities typically is completed at times that vary significantly from the closing of the *NYSE*. This fair value pricing process for foreign equity securities uses the quotations of an independent pricing service to value each such security unless (i) the pricing service does not provide prices for the security, in which event the Fund may use market value or fair value in accordance with the Trust's Valuation Procedures or (ii) the Trust's Valuation Committee determines that (a) a quote provided by the service does not accurately reflect the value of the security and (b) the use of another fair valuation methodology is appropriate. This policy is designed to help ensure that the Funds' *NAV*s per share appropriately reflect their investments' values at the time of pricing.

You may obtain information as to the Fund's *NAV* per share by visiting the Funds' Web site at www.aqrfunds.com or by calling 1-866-290-2688.

GENERAL PURCHASING POLICIES

You may purchase a Funds' Class I Shares at the *NAV* per share next determined following receipt of your purchase order in *good order* by a Fund or an authorized agent of a Fund.

You may purchase a Fund's Class I Shares directly from the Fund or through certain intermediaries without the imposition of any sales charges. See "How to Buy Class I Shares."

Once a Fund accepts your purchase order, you may not cancel or revoke it; however, you may redeem the shares. A Fund may withhold redemption proceeds until it is reasonably satisfied it has received your payment. This confirmation process may take up to 15 days.

Each Fund reserves the right to cancel any purchase or exchange order it receives if the Trust believes that it is in the best interest of the Fund's shareholders to do so.

GENERAL REDEMPTION POLICIES

You may redeem the Funds' Class I Shares at the *NAV* per share next-determined following receipt of your redemption order in *good order* by the Fund or an authorized agent of the Fund.

The Funds cannot accept a redemption request that specifies a particular redemption date or price.

Once a Fund accepts your redemption order, you may not cancel or revoke it.

The Funds generally will transmit redemption proceeds within seven days after receipt of your redemption request. If you recently made a purchase, the Funds may withhold redemption proceeds until they are reasonably satisfied that they have received your payment. This confirmation process may take up to 15 days.

The Funds reserve the right at any time without prior notice to suspend, limit, modify or terminate any privilege, including the telephone exchange privilege, or its use in any manner by any person or class.

Redemption in Kind. The Funds generally intend to pay all redemptions in cash. Each Fund is obligated to redeem shares solely in cash up to the lesser of \$250,000 or 1% of the Fund's *NAV* during any 90-day period for any one shareholder. Redemptions in excess of those amounts will normally be paid in cash, but may be paid wholly or partly by a distribution in kind of marketable securities. Brokerage costs may be incurred by a shareholder who receives securities and desires to convert them to cash.

Excessive and Short-Term Trading/Redemption Fee. The Funds are intended for long-term investment purposes, and thus purchases, redemptions and exchanges of Fund shares should be made with a view toward long-term investment objectives. Excessive trading, short-term trading and other abusive trading activities may be detrimental to a Fund and its long-term shareholders by disrupting portfolio management strategies, increasing brokerage and administrative cost, harming Fund performance and diluting the value of shares. Such trading may also require a Fund to sell securities to meet redemptions, which could cause taxable events that impact shareholders. If your investment horizon is not long-term, then you should not invest in the Funds.

The *Board of Trustees* has adopted policies and procedures that seek to discourage and not accommodate excessive or short-term trading activities. These policies and procedures include, among other things, use of fair value pricing of international securities, periodic review of shareholder trading activity, and the redemption fee policies described below.

The *Board of Trustees* has also adopted a redemption fee for Class I Shares of each Fund equal to 1.00% or 2.00% of the amount redeemed on shares held by the shareholder for 60 days or less. The redemption fee will be applied based on net assets at the time of the transaction. Any applicable redemption fee is paid directly to the Fund from which you redeem or exchange your shares in order to, among other things, offset the costs of buying and selling securities. The fee, which is intended to discourage short-term trading, more appropriately allocates expenses generated by short-term trading to short-term investors so that long-term investors do not subsidize the activities of short-term traders.

The Funds will seek to apply redemption fees as uniformly as possible. Where operational limitations restrict the ability of the Funds to impose redemption fees or apply certain exemptions from the fees, particularly with respect to trades processed through financial intermediaries or omnibus account arrangements, application of redemption fees will vary.

To the extent feasible, the following types of transactions will be exempt from redemption fees:

redemptions of shares purchased through the automatic reinvestment of dividend and capital gain distributions;

redemptions of shares to pay account-related fees;

redemptions of shares purchased through an automatic investment program or similar periodic investment plan;

redemptions of shares associated with the automatic rebalancing of an account;

redemptions of shares purchased as a result of an employer contribution to a qualified retirement plan account;

redemptions of shares from shareholder accounts liquidated for failure to meet the minimum investment requirement;

redemptions of shares from a shareholder account for which the identity of the shareholder could not be determined within reasonable time after the account was opened;

redemptions of shares pursuant to a systematic withdrawal plan or similar periodic withdrawal plan;

redemptions of shares as part of a loan or hardship withdrawal from a qualified plan;

redemptions of shares to repay a loan from a qualified retirement account;

redemptions of shares for payment of involuntary fees;

redemptions of shares as part of a required distribution from a qualified retirement plan or IRA;

redemptions of shares upon the death or disability of an owner of record of an account; and

any other involuntary redemptions and/or exchange transactions, including those required by law or regulation, a regulatory agency, a court order, or as a result of a liquidation of a Fund by the *Board of Trustees*.

Accounts exempt from the imposition of redemption fees are:

accounts held through omnibus and plan level retirement accounts for which third-party recordkeepers do not assess redemption fees on such accounts;

accounts that hold omnibus share positions for the dealer, and the underlying dealer customer accounts, for which the dealer does not assess redemption fees on such accounts;

accounts for which the beneficial owner is an asset allocation fund or funds (or similar pooled investment vehicle) that rebalances no more frequently than quarterly; and

wrap fee program accounts for which the program sponsor has entered into a form of fee waiver agreement with the Funds.

In addition, the Funds reserve the right to waive the redemption fees in certain limited circumstances where the Funds determine the transaction does not pose the risks that the Funds' policies and procedures are designed to mitigate. Such waivers are subject to the advance written approval of two officers of the Funds and are reported to the *Board of Trustees*.

Despite the Funds' efforts to detect and prevent abusive trading activity, there can be no assurance that the Funds will be able to identify all of those who may engage in abusive trading and curtail their activity in every instance. In particular, it may be difficult to curtail such activity in certain omnibus accounts and other accounts traded through intermediaries, despite arrangements the Funds have entered into with the intermediaries to provide access to account level trading information. Omnibus accounts are comprised of multiple investors whose purchases, exchanges and redemptions are aggregated before being submitted to the Funds.

OTHER POLICIES

No Certificates. The issuance of shares is recorded electronically on the books of the Funds. You will receive a confirmation of, or account statement reflecting, each new transaction in your account, which will also show the total number of shares of each Fund you own. You can rely on these statements in lieu of certificates. The Funds do not issue certificates representing shares of the Funds.

Frozen Accounts. The Funds may be required to "freeze" your account if there appears to be suspicious activity or if account information matches information on a government list of known terrorists or other suspicious persons.

Small Account Policy. Each of the Funds reserve the right, upon 60 days' written notice, to redeem, at net asset value, the shares of any shareholder whose account(s) across all AQR Funds has a value of less than \$1,000,000 in the aggregate, other than as a result of a decline in the net asset value per share, or to permit an exchange for Class N Shares of the same Fund. This policy will not be implemented where the Fund has previously waived the minimum investment requirement for that shareholder. A Fund will not impose a redemption fee on an exchange of Class I Shares for Class N Shares of the same Fund.

Before a Fund redeems such shares and sends the proceeds to the shareholder, it will notify the shareholder that the value of the shares in the account is less than the minimum amount and will allow the shareholder 60 days to make an additional investment in an amount that will increase the value of the account(s) to at least \$1,000,000 across The AQR Funds before the redemption is processed. As a sale of your Fund shares, this redemption may have tax consequences.

How To Buy Shares

You can open an account and make an initial purchase of shares of the Funds directly from the Funds or through certain financial intermediaries that have entered into appropriate arrangements with the Funds' *Distributor*, ALPS Distributors, Inc.

To open an account and make an initial purchase directly with the Funds, you can mail a check or other negotiable bank draft (payable to AQR Funds) in the applicable minimum amount, along with a completed and signed Account Application, to AQR Funds, AQR Funds, P.O. Box 2248, Denver, CO 80201-2248. To obtain an Account Application, call 1-866-290-2688 or download one from www.aqrfunds.com. A completed Account Application must include your valid taxpayer identification number. You may be subject to penalties if you falsify information with respect to your tax identification number.

Payment must be in U.S. dollars by a check drawn on a bank in the United States, wire transfer or electronic transfer. The Funds will not accept cash, traveler's checks, starter checks, money orders, third party checks (except for properly endorsed IRA rollover checks), checks drawn on foreign banks or checks issued by credit card companies or Internet-based companies. Shares purchased by checks that are returned will be canceled and you will be liable for any losses or fees incurred by the Fund or its agents, including bank handling charges for returned checks.

You may also purchase Fund shares by wire transfer from your bank account to your Fund account. To place a purchase by wire, please call 1-866-290-2688 for more information.

After you have opened an account, you can make subsequent purchases of shares of the Funds through your financial intermediary or directly from the Funds, depending on where your account is established. To purchase shares directly by mail, send your instruction and a check to AQR Funds at AQR Funds, P.O. Box 2248, Denver, CO 80201-2248.

Depending upon the terms of your account, you may pay account fees for services provided in connection with your investment in a Fund. Financial intermediaries may charge their customers a transaction or service fee. The Funds or your financial intermediary can provide you with information about these services and charges. You should read this prospectus in conjunction with any such information you receive.

Automatic Investment Plan:

The Funds offer an Automatic Investment Plan for current and prospective investors in which you may make monthly investments in one or more of the Funds. Sums for investment will be automatically withdrawn from your checking or savings account on the day you specify. If you do not specify a day, the transaction will occur on the 20th of each month or the next *Business Day* if the 20th is not a *Business Day*. Please call 1-866-290-2688 if you would like more information.

Customer Identification Program

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person that opens a new account, and to determine whether such person's name appears on government lists of known or suspected terrorists and terrorist organizations.

As a result, the Funds must obtain the following information for each person that opens a new account:

Name;

Date of birth (for individuals);

Residential or business street address (although post office boxes are still permitted for mailing); and

Social Security number, taxpayer identification number, or other identifying number.

You may also be asked for a copy of your driver's license, passport or other identifying document in order to verify your identity. In addition, it may be necessary to verify your identity by cross-referencing your identification information with a consumer report or other electronic database. Additional information may be required to open accounts for corporations and other entities.

Federal law prohibits the Funds and other financial institutions from opening a new account unless they receive the minimum identifying information listed above. After an account is opened, the Funds may restrict your ability to purchase additional shares until your identity is verified. The Funds may close your account or take other appropriate action if they are unable to verify your identity within a reasonable time. If your account is closed for this reason, your shares will be redeemed at the *NAV* next calculated after the account is closed.

The Funds and their agents will not be responsible for any loss in an investor's account resulting from the investor's delay in providing all required identifying information or from closing an account and redeeming an investor's shares when an investor's identity is not verified.

eDelivery

eDelivery allows you to receive your quarterly account statements, transaction confirmations and other important information concerning your investment in the Funds online. Select this option on your account application to receive email notifications when quarterly statements and confirmations are available for you to view via secure online access. You will also receive emails whenever a new prospectus, semi-annual or annual fund report is available. To establish eDelivery, call 1-866-290-2688 or visit www.aqrfunds.com.

HOW TO REDEEM CLASS I SHARES

You may normally redeem your shares on any *Business Day*, i.e., any day during which the *NYSE* is open for trading. Redemptions of Class I Shares are priced at the *NAV* per share next determined after receipt of a redemption request in *good order* by the Funds' *Distributor*, the Funds or an authorized agent of the Funds, and subject to the redemption fee if the shares have been held for 60 days or less. A financial intermediary may charge its customers a transaction or service fee in connection with redemptions, and will have its own procedures for arranging for redemptions of the Funds' shares. If you have purchased your Fund shares through a financial intermediary, consult your intermediary for more information.

None of the Funds, the *Adviser*, the *Distributor* and the *Transfer Agent* of the Funds, nor any of their affiliates or agents will be liable for any loss, expense or cost when acting upon any oral, wired or electronically transmitted instructions or inquiries believed by them to be genuine. While precautions will be taken, as more fully described below, you bear the risk of any loss as

the result of unauthorized telephone redemptions or exchanges believed to be genuine. The Funds will employ reasonable procedures to confirm that instructions communicated are genuine. These procedures include recording phone conversations, sending confirmations to shareholders within 72 hours of the telephone transaction, verifying the account name and sending redemption proceeds only to the address of record or to a previously authorized bank account.

By Telephone

You may redeem your shares by telephone if you choose that option on your Account Application. If you did not originally select the telephone option, you must provide written instructions to the Funds in order to add this option. The maximum amount that may be redeemed by telephone at any one time is \$50,000. You may have the proceeds mailed to your address of record or wired to a bank account previously designated on the Account Application.

By Mail

To redeem by mail, you must send a written request for redemption to the Funds, AQR Funds, P. O. Box 2248, Denver, CO 80201-2248. The Funds' *Transfer Agent* will require a Medallion Signature Guarantee. A Medallion Signature Guarantee may be obtained from a domestic bank or trust company, broker, dealer, clearing agency, savings association, or other financial institution that is participating in a medallion program recognized by the Securities Transfer Association. Signature guarantees from financial institutions that are not participating in one of these programs are not accepted as Medallion Signature Guarantees. The Medallion Signature Guarantee requirement will be waived if all of the following conditions apply (1) the redemption check is payable to the shareholder(s) of record, (2) the redemption check is mailed to the shareholder(s) at the address of record, (3) an application is on file with the *Transfer Agent*, and (4) the proceeds of the redemption are \$50,000 or less. The *Transfer Agent* cannot send an overnight package to a post office box.

By Systematic Withdrawal

You may elect to have monthly electronic transfers (\$250 minimum) made to your bank account from your Funds account. Your Funds account must have a minimum balance of \$10,000 and automatically have all dividends and capital gains reinvested. The transfer will be made on the *Business Day* you specify (or the next *Business Day*) to your designated account or a check will be mailed to your address of record. If you do not specify a day, the transfer will be made on the 20th day of each month or the next *Business Day* if the 20th is not a *Business Day*.

Retirement Accounts

To redeem shares from an IRA, Roth IRA, SIMPLE IRA, SEP IRA, 403(b) or other retirement account, you must mail a completed and signed Distribution Form to the Funds. You may not redeem shares of an IRA, Roth IRA, SIMPLE IRA, SEPIRA, 403(b) or other retirement account by telephone or via the Internet.

Payments of Redemption Proceeds

Redemption orders are valued at the *NAV* per share next determined (subject to the redemption fee if applicable) after the shares are properly tendered for redemption, as described above. Payment for shares redeemed generally will be made within seven days after receipt of a valid request for redemption. The Funds may temporarily stop redeeming shares or delay payment of redemption proceeds when the *NYSE* is closed or trading on the *NYSE* is restricted, when an emergency exists and the Funds cannot sell shares or accurately determine the value of assets, or if the *SEC* orders the Funds to suspend redemptions or delay payment of redemption proceeds.

At various times, a Fund may be requested to redeem shares for which it has not yet received good payment. If this is the case, the forwarding of proceeds may be delayed until payment has been collected for the purchase of the shares. The delay may last 15 days or more. The Funds intend to forward the redemption proceeds as soon as good payment for purchase orders has been received. This delay may be avoided if shares are purchased by wire transfer. The Funds intend to pay cash for all shares redeemed, except in cases noted above under the heading "General Redemption Policies," in which case payment for certain large redemptions may be made wholly or partly in portfolio securities that have a market value equal to the redemption price. You may incur brokerage costs in converting the portfolio securities to cash.

By Check

You may have a check for the redemption proceeds mailed to your address of record. To change the address to which a redemption check is to be mailed, you must send a written request with a Medallion Signature Guarantee to the Funds, AQR Funds, P.O. Box 2248, Denver, CO 80201-2248.

By ACH Transfer

If your bank account is ACH active, you may have your redemption proceeds sent to your bank account via ACH transfer.

By Wire Transfer

You can arrange for the proceeds of a redemption to be sent by wire transfer to a single previously designated bank account if you have given authorization for expedited wire redemption on your Funds Account Application. This redemption option does not apply to shares held in broker "street name" accounts. If a request for a wire redemption is received by the Funds prior to the close of the *NYSE*, the shares will be redeemed that day at the next determined *NAV*, and the proceeds will generally be sent to the designated bank account the next *Business Day*. The bank must be a member of the Federal Reserve wire system. Delivery of the proceeds of a wire redemption request may be delayed by the Funds for up to seven days if deemed appropriate under then current market conditions. Redeeming shareholders will be notified if a delay in transmitting proceeds is anticipated. The Funds cannot be responsible for the efficiency of the Federal Reserve wire system or the shareholder's bank. You are responsible for any charges imposed by your bank. The Funds reserve the right to terminate the wire redemption privilege. Shares purchased by check may not be redeemed by wire transfer until the shares have been owned (*i.e.*, paid for) for at least 15 days. To change the name of the single bank account designated to receive wire redemption proceeds, you must send a written request with a Medallion Signature Guarantee to the Funds, AQR Funds, P. O. Box 2248, Denver, CO 80201-2248. If you elect to have the payment wired to your bank, a wire transfer fee of \$30.00 will be charged by the Funds.

SHAREHOLDER SERVICES AGREEMENT

The *Trust* has entered into a Shareholder Services Agreement with respect to its Class I Shares. Under the Shareholder Services Agreement, the Funds pay the *Adviser* a fee for providing or arranging for the provision of certain services to shareholders of each Fund of up to 0.30% annually of the Fund's average daily net assets for Class I Shares.

CERTAIN ADDITIONAL PAYMENTS

The Funds also may enter into agreements with certain intermediaries under which the Funds make payments to the intermediaries in recognition of the avoided transfer agency costs to the Funds associated with the intermediaries' maintenance of customer accounts. Payments made under such agreements are generally based on either (1) a percentage of the average daily net asset of customers serviced by the intermediary, up to a set maximum dollar amount per shareholder account serviced, or (2) the number of accounts serviced by such intermediary. These payments are in addition to other payments described in this prospectus, such as payments under the Shareholder Servicing Plan.

The *Adviser* (or an affiliate) also may make additional payments out of its own resources to certain intermediaries or their affiliates based on sales or assets attributable to the intermediary, or such other criteria agreed to by the *Adviser* in connection with the sale or distribution of the Funds' shares. The *Adviser* selects the intermediaries to which it or its affiliate makes payments. These additional payments to intermediaries, which are sometimes referred to as "revenue sharing" payments, may represent a premium over payments made by other fund families, and investment professionals may have an added incentive to sell or recommend a Fund or a share class of a Fund over others offered by competing fund families. Ask your investment professional for more information.

The *Adviser* and the Funds' *Distributor* may make other payments or allow promotional incentives to broker-dealers to the extent permitted by *SEC* and Financial Industry Regulatory Authority (FINRA) rules and by other applicable laws and regulations.

DISTRIBUTIONS AND TAXES

DISTRIBUTIONS

Each Fund distributes to its shareholders substantially all net investment income as dividends and any net capital gains realized from sales of the Fund's portfolio securities. Each of the Funds expects to declare and pay dividends annually. Net realized long-term capital gains, if any, are paid to shareholders at least annually.

All of your income dividends and capital gain distributions will be reinvested in additional shares unless you elect to have distributions paid by check. If any check from a Fund mailed to you is returned as undeliverable or is not presented for payment within six months, the Trust reserves the right to reinvest the check proceeds and future distributions in additional Fund shares.

TAXES

The following discussion of U.S. and non-U.S. taxation applies only to U.S. shareholders and is not intended to be a full discussion of income tax laws and their effect. You may wish to consult your own tax advisor.

Taxes on Transactions. When you redeem shares, you will experience a capital gain or loss if there is a difference between the tax basis of your shares and the price you receive when you redeem them. The federal tax treatment will depend on how long you owned the shares and your individual tax position. Any loss recognized on shares held for six months or less will be treated as a long-term capital loss to the extent of any long-term capital gain distributions that were received with respect to the shares. You may be subject to state and local taxes on your investment in a Fund, depending on the laws of your home state or locality.

Exchanges. If you perform an exchange transaction, it is considered a sale and purchase of shares for federal income tax purposes and may result in a capital gain or loss.

Distributions. Distributions from investment income (dividends) and net short-term capital gains are taxable as ordinary income except as noted below. Distributions of long-term capital gains are taxable as long-term capital gains regardless of the length of time you have held your Fund shares. Although a Fund will not be taxed on amounts it distributes, distributions will be taxable to you whether received in cash or reinvested in Fund shares, unless you hold your Fund shares in an individual retirement account or other tax-deferred account. These accounts are subject to complex tax rules and you should consult your tax advisor about which tax rules will apply to your investment.

The Trust will send you an annual statement to advise you as to the source of your distributions for tax purposes.

Taxes on Distributions. Distributions are subject to federal income tax, and may be subject to state or local taxes. If you are a U.S. citizen residing outside the U.S., your distributions also may be taxed by the country in which you reside. Your distributions are taxable whether you take them in cash or reinvest them in additional shares.

For federal tax purposes, a Fund's income and short-term capital gain distributions are taxed as ordinary income and long-term capital gain distributions are taxed as long-term capital gains, except that "qualified dividend income" of noncorporate investors who satisfy certain holding period requirements is taxed at long-term capital gain rates, which currently reach a maximum of 15%. The 15% maximum rate for long-term capital gains is scheduled to expire at the end of 2010. After 2010, the capital gains rate is scheduled to increase to 20% and income from dividends would be taxed as ordinary income. The character of a capital gain depends on the length of time that the Fund held the asset it sold.

Every January, each of your Funds will send you and the *IRS* a statement called Form 1099 showing the amount of taxable distributions you received (including those reinvested in additional shares) in the previous calendar year.

Average Cost Calculation. Each shareholder is responsible for tax reporting and Fund share cost calculation. To facilitate your tax reporting, each Fund provides you with an average cost statement with your 1099 tax form. This average cost statement is based on transaction activity in an account for the period during which you held the account directly with the Fund.

Buying Into a Distribution. Purchasing a Fund' s shares in a taxable account shortly before a distribution by the Fund is sometimes called "buying into a distribution." You pay income taxes on a distribution whether you reinvest the distribution in shares of the Fund or receive it in cash. In addition, you pay taxes on the distribution whether the value of your investment decreased, increased or remained the same after you bought shares of the Fund.

A Fund may build up capital gains during the period covered by a distribution (over the course of the year, for example) when securities in the Fund' s portfolio are sold at a profit. After subtracting any capital losses, the Fund distributes those gains to you and other shareholders, even if you did not own the shares when the gains occurred (if you did not hold the Fund earlier in the year, for example), and you incur the full tax liability on the distribution.

Non-U.S. Income Taxes. Investment income received by a Fund from sources within non-U.S. countries may be subject to non-U.S. income taxes withheld at the source. If a Fund pays nonrefundable taxes to non-U.S. governments during the year, the taxes will reduce the Fund' s dividends but will still be included in your taxable income. However, if a Fund qualifies for, and makes, a special election, you may be able to claim an offsetting credit or deduction on your tax return for your share of non-U.S. taxes paid by a Fund.

Backup Withholding. You must furnish to the Funds your properly certified social security or other tax identification number to avoid Federal income tax backup withholding on dividends, distributions and redemption proceeds. If you do not do so or the *IRS* informs the Fund that your tax identification number is incorrect, the Fund may be required to withhold a percentage (currently 28%) of your taxable distributions and redemption proceeds. Because each Fund must promptly pay to the *IRS* all amounts withheld, it is usually not possible for a Fund to reimburse you for amounts withheld. You may claim the amount withheld as a credit on your federal income tax return.

FINANCIAL HIGHLIGHTS

The Funds have not commenced operations as of the date of this prospectus. As such, no financial performance information for the Funds is available.

GLOSSARY OF TERMS

The following is a glossary of terms used throughout this prospectus and their definitions. This glossary is set forth solely for reference purposes. The terms summarized or referenced in this glossary are qualified in their entirety by the prospectus itself.

1940 Act	the Investment Company Act of 1940, as amended
Absolute Return Benchmark	the Merrill Lynch 3 Month Treasury Bill Index
Adviser	AQR Capital Management, LLC
Advisory Agreement	the Investment Advisory Agreement dated December 4, 2008 under which the Adviser serves as investment adviser to the AQR Funds
Alpha	the risk-adjusted level of outperformance of a portfolio over its benchmark
Board of Trustees	the Board of Trustees of the AQR Funds or any duly authorized committee thereof, as permitted by applicable law
Business Day	each day during which the NYSE is open for trading
Code	the Internal Revenue Code of 1986, as amended
Convertible Securities	fixed-income securities that are convertible into common stock
Distributor	ALPS Distributors, Inc.
Emerging Markets Benchmark or MSCI Emerging Markets Index	the MSCI Emerging Markets Total Return Index with Net Dividends Unhedged in U.S. Dollars, which is a free float-adjusted market capitalization index that is designed to measure the performance of equities in emerging markets
Equity Benchmark or Russell 1000® Index	the Russell 1000® Index, which is designed to measure the performance of larger capitalization equities in the United States
Global Equity Benchmark or MSCI World Index	the MSCI World Total Return Index with Net Dividends Unhedged in U.S. Dollars, a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, including the United States and Canada
Good order	A purchase, exchange or redemption order is in “good order” when a Fund, its Distributor and/or its agent, receives all required information, including properly completed and signed documents.
International Equity Benchmark or MSCI EAFE Index	the MSCI EAFE Total Return Index with Net Dividends Unhedged in U.S. Dollars, a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, excluding the United States and Canada

International Small Cap Benchmark or MSCI EAFE Small Cap Index	the MSCI EAFE Small Cap Total Return Index with Net Dividends Unhedged in U.S. Dollars, a free float-adjusted market capitalization index that is designed to measure the performance of smaller capitalization equities in developed markets, excluding the United States and Canada
IRS	the Internal Revenue Service
Mutual fund	an investment company registered under the 1940 Act that pools the money of many investors and invests it in a variety of securities in an effort to achieve a specific objective over time
NAV	the net asset value of a particular Fund
NYSE	the New York Stock Exchange
SEC	U.S. Securities and Exchange Commission
Small Cap Core Benchmark or Russell 2000® Index	the Russell 2000® Index, which is designed to measure the performance of smaller capitalization equities in the United States
Small Cap Growth Benchmark or Russell 2000® Growth Index	the Russell 2000® Growth Index, which is designed to measure the performance of smaller capitalization equities with above-average price-to-book ratios and forecasted growth rates in the United States
Sub-Adviser	CNH Partners, LLC
Transfer Agent	ALPS Fund Services, Inc.
Total return	the percentage change, over a specified time period, in a mutual fund' s NAV, assuming the reinvestment of all distributions of dividends and capital gains
Tracking Error or Tracking Risk	a measure of how closely a portfolio follows the index to which it is benchmarked. It measures the standard deviation of the difference between the portfolio and index returns

You may wish to read the Statement of Additional Information for more information about the Funds. The Statement of Additional Information is incorporated by reference into this prospectus, which means that it is considered to be part of this prospectus.

You may obtain free copies of the Funds' Statement of Additional Information, request other information, and discuss your questions about the Funds by writing or calling:

AQR Funds
P.O. Box 2248
Denver CO 80201-2248
(866) 290-2688

The requested documents will be sent within three business days of your request.

You may also obtain the Funds' Statement of Additional Information, along with other information, free of charge, by visiting the Funds' Web site at www.aqrfunds.com.

Text-only versions of all Fund documents can be viewed online or downloaded from the EDGAR Database on the *SEC's* internet web site at www.sec.gov. You may also review and copy those documents by visiting the *SEC's* Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling the *SEC* at 202-942-8090. In addition, copies of the Fund documents may be obtained, after mailing the appropriate duplicating fee, by writing to the *SEC's* Public Reference Section, Washington, DC 20549-0102 or by e-mail request at publicinfo@sec.gov.

AQR Funds Trust

Investment Company Act File No.: 811-22235

**THE AQR FUNDS
PROSPECTUS
December , 2008
CLASS Y SHARES**

**AQR Global Equity Fund
AQR International Equity Fund
AQR International Small Cap Fund
AQR Emerging Markets Fund**

This prospectus contains important information about each Fund, including its investment objective, fees and expenses. For your benefit and protection, please read it before you invest and keep it for future reference. This prospectus relates only to the Class Y Shares of each Fund.

The Securities and Exchange Commission has not approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense. In addition, your investment in any of the Funds is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. You may lose money by investing in any of the Funds. The likelihood of loss may be greater if you invest for a shorter period of time.

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OVERVIEW OF THE AQR FUNDS

This prospectus describes certain series (“Funds”) of the AQR Funds. AQR Capital Management, LLC (the *Adviser*) serves as the investment adviser of each Fund.

The Funds offered by this prospectus comprise:

Name of Fund	General Nature of Fund	Fund Benchmark
AQR Global Equity Fund	Invests worldwide in developed markets including the U.S. and Canada	<i>MSCI World Index</i>
AQR International Equity Fund	Invests worldwide in developed markets excluding the U.S. and Canada	<i>MSCI EAFE Index</i>
AQR International Small Cap Fund	Invests worldwide in smaller companies in developed markets excluding the U.S. and Canada	<i>MSCI EAFE Small Cap Index</i>
AQR Emerging Markets Fund	Invests in emerging markets	<i>MSCI Emerging Markets Index</i>

For information regarding a Fund’s principal and common risks, see below the “Principal Investment Risks” section for each Fund and the section entitled “How the Funds Pursue their Investment Objectives – Risk Factors.”

GLOSSARY

To keep things simple, we have defined and explained a number of terms and concepts in a Glossary at the back of this prospectus. Terms that are in italics have definitions or explanations in the Glossary.

INVESTMENT PHILOSOPHY

The Funds offered by this Prospectus share a common investment philosophy and investment process.

The *Adviser’s* core beliefs are that (1) equity markets are neither completely efficient nor completely inefficient and (2) a disciplined quantitative approach can be used effectively in seeking to outperform market benchmarks. In implementing its investment philosophy, the *Adviser* uses quantitative tools to analyze and understand the vast amount of data available regarding the markets and securities in which the *Adviser* is investing. In contrast to the stereotypical “black box” concept of quantitative investing (*i.e.*, obscure mathematical models generating unintuitive trades with no transparency), the *Adviser’s* investment process is “quantitative” in the sense that the *Adviser* employs quantitative tools to implement a fundamental investment process. The *Adviser* also believes that a large set of small trades, coupled with systematic risk controls, can offer a more attractive risk-adjusted return than a small set of large trades.

The *Adviser’s* investment philosophy is based on the fundamental concepts of value and momentum. Value investing is simply buying securities that are considered by the *Adviser* to be undervalued by the market and selling securities that the *Adviser* believes are overvalued by the market. Momentum investing is simply buying securities whose stock price is increasing and selling securities whose stock price is not increasing or may be falling.

The *Adviser* believes that using both value and momentum strategies in selecting investments is a powerful and effective approach because the two strategies are usually negatively correlated. As a result, when the two strategies are used together by the *Adviser* in making investment selections, the investments chosen by the *Adviser* tend to be either cheap stocks or stocks that are coming into favor with investors. Stocks that score well by taking into account both factors will generally have the highest weightings. The combination of the two strategies is designed to produce a Fund portfolio that seeks to preserve the positive expected return of each strategy while having the added benefit of significantly lower volatility than would otherwise be achieved by using either strategy alone.

The concepts of value and momentum are taken into account by the *Adviser* broadly across many factors and signals that help guide the *Adviser* in selecting: (1) individual securities within an industry, (2) the relative weighting of various sectors and industries, and/or (3) countries and currencies. The value and momentum philosophy for selecting individual securities and for determining the weightings of various industry sectors, as well as the explicit selection of countries and currencies, is common to all of the Funds offered by this Prospectus.

Over the years, the *Adviser* has refined its methods of measuring value and momentum and has undertaken extensive research into stock selection factors and themes that augment these core approaches. Certain factors or themes can degrade over time and, therefore, the *Adviser* works on refining the measurement of the various factors and themes it believes will produce positive investment results. The *Adviser* believes that the factors and themes it employs are economically intuitive and are generally based on extensive academic research.

INVESTMENT PROCESS

The *Adviser* sees the world in “views,” which are simply quantitative processes that rank every stock in the investment universe from most attractive to least attractive with respect to a particular investment factor. Portfolio weights are assigned to reflect each stock’s degree of attractiveness. Each “view” has an associated forecasted volatility based on a risk model for each factor.

For stock selection there are two types of “views” used by the *Adviser*:

one view is used to select stocks within an industry,

the other view is used to select industries.

In the stock selection view, each stock is ranked by the *Adviser* based on its raw investment signal relative to its industry’s average investment signal. Stock selection views are designed to be approximately industry-neutral.

In the industry selection view, each industry is ranked as to how its industry average investment signal compares to the other industries. Industry selection views explicitly overweight or underweight industries as a whole.

The final aggregate view of the *Adviser* is a combination of the stock and industry views and all the underlying factors, resulting in a weight assigned to each stock, which is a cumulative measure of its overall attractiveness. The weighting for each stock reflects the anticipated level of excess return potential of that stock and is used by the *Adviser* to forecast anticipated “*alpha*” for that stock. The *Adviser* then combines the *alpha* forecasts for each stock with trading costs, liquidity constraints, and other portfolio constraints to create an optimal portfolio for each Fund. For Funds that are long only, the smallest weighting of an unattractive stock is zero. In contrast, any Fund that allows short sales will have negative weights (*i.e.*, short sales) for the least attractive stocks.

The *Adviser*'s portfolio optimization process also has a strong risk-control element. Since each “view” has an associated volatility forecast, it is possible to estimate the *tracking error* of each Fund (*i.e.*, the deviation in performance of a Fund' s underlying portfolio from its benchmark). The *Adviser* sets explicit *tracking error* targets for each Fund and its portfolio construction process takes into account how much each of the views contributes to the overall risk of each Fund.

Buy and sells for each Fund are made through periodic rebalancing. The *Adviser* monitors each Fund relative to moves in the *Adviser*'s proprietary models. The *Adviser* employs a rebalancing strategy that seeks to provide an optimal balance between maintaining up-to-date views and minimizing trading costs. Stock trading is primarily executed electronically through direct connections to exchanges that allow the *Adviser* to employ automated trading algorithms that place their trades in a liquidity-providing manner. By trading passively and providing liquidity to the market the *Adviser* seeks to reduce market impact costs and reduce the total cost of trading.

In summary, the *Adviser*'s investment process for the Funds entails the following key steps:

Develop a ranking for each stock using a disciplined, systematic approach to analyze a wide variety of factors based on the underlying philosophy of value and momentum.

Combine these rankings into a Fund portfolio that takes into account trading costs, liquidity considerations, *tracking error* targets, and portfolio construction constraints (*e.g.* no shorting).

Rebalance each Fund' s portfolio in a manner that seeks to create a balance between keeping the portfolio in line with the ideal desired portfolio and the need to minimize trading costs.

Execute trades primarily in a highly automated and liquidity-providing manner to seek to reduce the total cost of trading.

INVESTMENT OBJECTIVE

The AQR Global Equity Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the MSCI World Total Return Index with Net Dividends Unhedged in U.S. Dollars (the *Global Equity Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Global Equity Benchmark* is a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, including the United States and Canada.

Under normal circumstances, the Fund will invest in instruments of companies located in a number of different countries throughout the world, one of which may be the United States; however the Fund has no limit on the amount of assets that may be invested in companies in each country. The Fund's portfolio normally will be managed by both overweighting and underweighting securities, countries and currencies relative to the *Global Equity Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. As of September 30, 2008, the weighting of U.S. companies in the *Global Equity Benchmark* was approximately 50%. The *Adviser* starts with the securities that are included in the *Global Equity Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach emphasizing both top-down country/currency allocation and bottom-up security selection decisions that include selection of individual stocks within industries as well as explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate an investment portfolio based on the *Adviser's* global asset allocation models and security selection procedures. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios for choosing individual equities and countries, and interest rate differentials for choosing currencies.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum for choosing individual equities and countries, and foreign exchange rate momentum for selecting currencies.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

The *Adviser* views the selection of individual securities, countries and currencies as three independent decisions. The *Adviser* may utilize country index futures, index swaps and foreign currency forwards to overweight or underweight the country and currency exposure of the overall portfolio relative to the *Global Equity Benchmark*.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in equity and equity-related instruments (including, but not limited to, exchange-traded funds, equity index futures, equity index swaps and depositary receipts). The Fund will invest in companies with a broad range of market capitalizations. The Fund has no market capitalization constraints. The Fund invests primarily in securities comprising the *Global Equity Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use options, warrants, equity swaps, financial futures contracts and other types of derivative instruments in seeking to achieve its investment objective. A portion of the Fund' s assets may be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The Fund may invest to a lesser extent in securities of issuers, countries and currencies not included in the *Global Equity Benchmark*. However, the *Adviser* does not currently expect such securities to be a significant component of the Fund' s investment portfolio.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund' s portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk

Foreign securities risk

New fund risk

Counterparty risk

Manager risk

Securities lending risk

Derivatives risk

Market risk

Value style risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives-Risk Factors" on pages 18 to 21 of this Prospectus.

PERFORMANCE INFORMATION

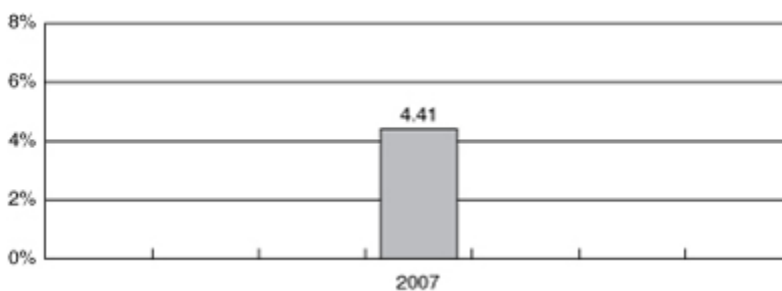
The AQR Global Equity Fund' s past performance (before and after taxes), as provided by the bar chart and performance table that follow, is not an indication of how the Fund will perform in the future. The chart and the table provide some indication of the risks of investing in the Fund by showing changes in the Fund' s performance from year to year and how the Fund' s returns compare to a broad measure of market performance.

A privately offered fund managed by the *Adviser* is expected to be reorganized into the Fund as of the date the Fund commenced operations (i.e., on or about January 19, 2009). This privately offered fund was organized in March 2006 and commenced operations in June 2006 and had an investment objective, investment policies and restrictions that were, in all material respects, the same as those of the Fund. However, the privately offered fund was not registered as an investment company under the *1940 Act*. In addition, this privately offered fund was not subject to certain investment limitations, diversification requirements, liquidity requirements, and other restrictions imposed by the *1940 Act* and the *Code* which, if applicable, might have adversely affected its performance.

The Fund's performance for periods prior to the commencement of operations on or about January 19, 2009 is that of the privately offered fund. The privately offered fund's total annual fund operating expenses during the periods presented were higher than the Fund's estimated total annual fund operating expenses for Class Y Shares. For example, as of December 31, 2007, the total annual operating expenses of the privately offered fund were 0.60%, whereas the Fund's estimated total annual operating expenses for Class Y Shares are 0.50%. The Fund has restated the privately offered fund's performance to reflect the Fund's fees, estimated expenses and fee waivers/expense limitations of Class Y Shares upon their initial offering. As a result, the investment performance presented below would have been less favorable had it reflected the fees and expenses of the privately offered fund as opposed to those of the Fund.

Class Y Shares - Total Returns for Year Ended December 31

The bar chart below provides an illustration of how the Fund's performance has varied in each of the indicated calendar years.



Highest Quarterly Return	Lowest Quarterly Return
8.24% (4Q06)	-4.07% (4Q07)

During the third quarter of 2008, the Fund had a total return of -17.57% for Class Y Shares.

Average Annual Total Returns for Years Ended December 31, 2007

The following table compares the Fund's average annual *total returns* for Class Y Shares as of December 31, 2007 to the *Global Equity Benchmark*. The returns shown for the *Global Equity Benchmark* do not reflect the deduction of fees, expenses or taxes, because the *Global Equity Benchmark* is not a fund. You can not invest directly in an index.

	<u>1 Year</u>	<u>Since Inception ***</u>
AQR Global Equity Fund		
Return Before Taxes	4.41%	10.36%
Return After Taxes on Distributions*	2.95%	9.25%
Return After Taxes on Distributions and Sale of Fund Shares*	2.95%	8.28%

MSCI World Total Return Index with Net Dividends Unhedged (reflects no deductions for fees, expenses or taxes)**

9.04%

14.20%

As of September 30, 2008, Class Y Shares of the Fund had a year-to-date return of -26.27%, a one year return of -29.27% and a return since inception of 6.17%.

- * After-tax returns are calculated using the historical highest individual marginal tax rates and do not reflect the impact of state and local taxes. In some cases, the return after taxes may exceed the return before taxes due to an assumed benefit from any losses on a sale of Fund shares at the end of the measurement period. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.
- ** The MSCI World Total Return Index with Net Dividends Unhedged is a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, including the United States and Canada.
- *** The Fund's inception was on June 1, 2006

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class Y Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)¹

	<u>Class Y</u>
Subscription fee (as a percentage of amount invested)	0.10%
Redemption fee (as a percentage of amount redeemed)	0.10%

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)²

Management fee	0.40%
Other expenses	0.49%
Total annual fund operating expenses	0.89%
Less: Contractual fee and expense waivers ³	0.39%
Net annual fund operating expenses	0.50%

¹ The Fund retains the subscription and redemption fees to help offset portfolio transaction and other related costs caused by significant shareholder purchases and redemptions of Class Y Shares. See “Investing with the AQR Funds - Subscription and Redemption Fees” for a more detailed discussion of the Fund’s subscription and redemption fees, including circumstances under which the Adviser may elect to waive part or all of a subscription or redemption fee. The redemption fee noted in the table above will apply to all redemptions regardless of the period such shares may have been held.

² This table shows the estimated operating expenses of Class Y Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

³ The *Adviser* has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 0.50% for Class Y Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through December 31, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year

\$51

3 Years

\$203

INVESTMENT OBJECTIVE

The AQR International Equity Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the MSCI EAFE Total Return Index with Net Dividends Unhedged in U.S. Dollars (the *International Equity Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *International Equity Benchmark* is a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, excluding the United States and Canada.

The Fund's portfolio normally will be managed by both overweighting and underweighting securities, countries and currencies relative to the *International Equity Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *International Equity Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach emphasizing both top-down country/currency allocation and bottom-up security selection decisions that include selection of individual stocks within industries as well as explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate an investment portfolio based on the *Adviser's* global asset allocation models and security selection procedures. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously:

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios for choosing individual equities and countries, and interest rate differentials for choosing currencies.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum for choosing individual equities and countries, and foreign exchange rate momentum for selecting currencies.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

The *Adviser* views the selection of individual securities, countries and currencies as three independent decisions. The *Adviser* may utilize country index futures, index swaps and foreign currency forwards to overweight or underweight the country and currency exposure of the overall portfolio relative to the *International Equity Benchmark*.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in equity and equity-related instruments (including, but not limited to, exchange-traded funds, equity index futures, equity index swaps and depositary receipts). The Fund will invest in companies with a broad range of market capitalizations, including smaller capitalization companies. The Fund invests primarily in securities comprising the *International Equity Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use options, warrants, equity swaps, financial futures contract or other types of derivative instruments in seeking to achieve its investment objective. A portion of the Fund' s assets will be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The Fund may invest to a lesser extent in securities of issuers in countries and currencies not included in the *International Equity Benchmark*. However, the *Adviser* does not currently expect such securities to be a significant component of the Fund' s investment portfolio.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund' s portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk

Manager risk

Small cap securities risk

Counterparty risk

Market risk

Value style risk

Derivatives risk

New fund risk

Foreign securities risk

Securities lending risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives-Risk Factors" on pages 18 to 21 of this Prospectus.

PERFORMANCE INFORMATION

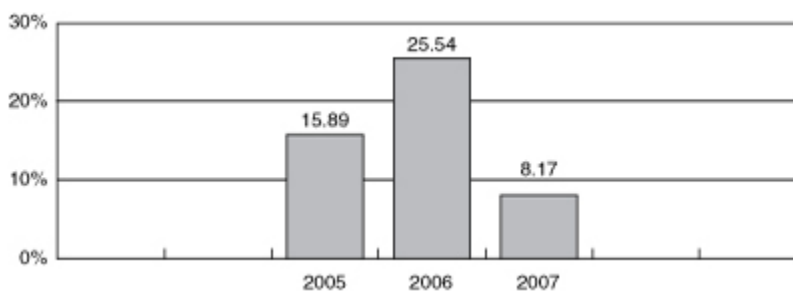
The AQR International Equity Fund' s past performance (before and after taxes), as provided by the bar chart and performance table that follow, is not an indication of how the Fund will perform in the future. The chart and the table provide some indication of the risks of investing in the Fund by showing changes in the Fund' s performance from year to year and how the Fund' s returns compare to a broad measure of market performance.

A privately offered fund managed by the *Adviser* is expected to be reorganized into the Fund as of the date the Fund commenced operations (i.e., on or about January 19, 2009). This privately offered fund was organized in June 2004 and commenced operations in August 2004 and had an investment objective, investment policies and restrictions that were, in all material respects, the same as those of the Fund. However, the privately offered fund was not registered as an investment company under the *1940 Act*. In addition, this privately offered fund was not subject to certain investment limitations, diversification requirements, liquidity requirements, and other restrictions imposed by the *1940 Act* and the *Code* which, if applicable, might have adversely affected its performance.

The Fund's performance for periods prior to the commencement of operations on or about January 19, 2009 is that of the privately offered fund. The privately offered fund's total annual fund operating expenses during the periods presented were lower than the Fund's estimated total annual fund operating expenses for Class Y Shares. For example, as of December 31, 2007, the total annual operating expenses of the privately offered fund were 0.50%, whereas the Fund's estimated total annual operating expenses for Class Y Shares are 0.55%. The Fund has restated the privately offered fund's performance to reflect the Fund's fees, estimated expenses and fee waivers/expense limitations of Class Y Shares upon their initial offering. As a result, the investment performance presented below would have been less favorable had it reflected the fees and expenses of the privately offered fund as opposed to those of the Fund.

Class Y Shares - Total Returns for Years Ended December 31

The bar chart below provides an illustration of how the Fund's performance has varied in each of the indicated calendar years.



Highest Quarterly Return	Lowest Quarterly Return
14.91% (4Q04)	-4.17% (4Q07)

During the third quarter of 2008, the Fund had a total return of -25.03% for Class Y Shares.

Average Annual Total Returns for Years Ended December 31, 2007

The following table compares the Fund's average annual *total returns* for Class Y Shares as of December 31, 2007 to the *International Equity Benchmark*. The returns shown for the *International Equity Benchmark* do not reflect the deduction of fees, expenses or taxes, because the *International Equity Benchmark* is not a fund. You can not invest directly in an index.

	<u>1 Year</u>	<u>Since Inception ***</u>
AQR International Equity Fund		
Return Before Taxes	8.17%	20.25%
Return After Taxes on Distributions*	5.25%	18.00%
Return After Taxes on Distributions and Sale of Fund Shares*	5.25%	16.53%

MSCI EAFE Total Return Index with Net Dividends Unhedged
(reflects no deductions for fees, expenses or taxes)**

11.17%

20.58%

As of September 30, 2008, Class Y Shares of the Fund had a year-to-date return of -32.04%, a one year return of -34.87% and a return since inception of 6.03%.

- * After-tax returns are calculated using the historical highest individual marginal tax rates and do not reflect the impact of state and local taxes. In some cases, the return after taxes may exceed the return before taxes due to an assumed benefit from any losses on a sale of Fund shares at the end of the measurement period. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.
- ** The MSCI EAFE Total Return Index with Net Dividends Unhedged is a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, excluding the United States and Canada.
- *** The Fund's inception was on August 1, 2004

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class Y Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)¹

	<u>Class Y</u>
Subscription fee (as a percentage of amount invested)	0.10%
Redemption fee (as a percentage of amount redeemed)	0.10%

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)²

Management fee	0.45%
Other expenses	0.46%
Total annual fund operating expenses	0.91%
Less: Contractual fee and expense waivers ³	0.36%
Net annual fund operating expenses	0.55%

¹ The Fund retains subscription and redemption fees to help offset portfolio transaction and other related costs caused by significant shareholder purchases and redemptions of Class Y Shares. See “Investing with the AQR Funds - Subscription and Redemption Fees” for a more detailed discussion of the Fund’s subscription and redemption fees, including circumstances under which the Adviser may elect to waive part or all of a subscription or redemption fee. The redemption fee noted in the table above will apply to all redemptions regardless of the period such shares may have been held.

² This table shows the estimated operating expenses of Class Y Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

³ The Adviser has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 0.55% for Class Y Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through December 31, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year

\$56

3 Years

\$216

INVESTMENT OBJECTIVE

The AQR International Small Cap Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the MSCI EAFE Small Cap Total Return Index with Net Dividends Unhedged in U.S. Dollars (the *International Small Cap Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *International Small Cap Benchmark* is a free float-adjusted market capitalization index that is designed to measure the performance of smaller capitalization equities in developed markets, excluding the United States and Canada.

The Fund's portfolio normally will be managed by both overweighting and underweighting securities relative to the *International Small Cap Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *International Small Cap Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach that includes both selection of individual stocks within industries and explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate its investment portfolio. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum and earnings momentum.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

Generally the Fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in instruments of or related to smaller capitalization issuers. For this purpose, the *Adviser* considers issuers with market capitalizations that are similar to those that qualify for inclusion in the *International Small Cap Benchmark* to be smaller capitalization issuers. The Fund will invest in securities whose market capitalization is below \$5 billion at the time of purchase.

The *Adviser* invests primarily in securities comprising the *International Small Cap Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use equity or equity-related instruments, options, warrants, equity swaps, financial futures contract or other types of derivative instruments in seeking to achieve its investment objective. A portion of the Fund's assets will be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The Fund may invest to a lesser extent in securities of issuers and countries not included in the *International Small Cap Benchmark*. However, the *Adviser* does not currently expect such securities to be a significant component of the Fund' s investment portfolio.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund' s portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

Common stock risk

Manager risk

Securities lending risk

Counterparty risk

Market risk

Small cap securities risk

Derivatives risk

New fund risk

Value style risk

Foreign securities risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives-Risk Factors" on pages 18 to 21 of this Prospectus.

PERFORMANCE INFORMATION

As the AQR International Small Cap Fund has not yet commenced operations as of the date of this prospectus, no full calendar year performance information is available.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class Y Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)¹

	<u>Class Y</u>
Subscription fee (as a percentage of amount invested)	0.25%
Redemption fee (as a percentage of amount redeemed)	0.25%

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)²

Management fee	0.70%
Other expenses	0.55%
Total annual fund operating expenses	1.25%
Less: Contractual fee and expense waivers ³	0.25%
Net annual fund operating expenses	1.00%

¹ The Fund retains subscription and redemption fees to help offset portfolio transaction and other related costs caused by significant shareholder purchases and redemptions of Class Y Shares. See “Investing with the AQR Funds - Subscription and Redemption Fees” for a more detailed discussion of the Fund’s subscription and redemption fees, including circumstances under which the Adviser may elect to waive part or all of a subscription or redemption fee. The redemption fee noted in the table above will apply to all redemptions regardless of the period such shares may have been held.

² This table shows the estimated operating expenses of Class Y Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

³ The Adviser has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.00% for Class Y Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year

\$123

3 Years

\$402

INVESTMENT OBJECTIVE

The AQR Emerging Markets Fund seeks long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to outperform the MSCI Emerging Markets Total Return Index with Net Dividends Unhedged in U.S. Dollars (the *Emerging Markets Benchmark*) while seeking to control its *tracking risk* relative to this benchmark. The *Emerging Markets Benchmark* is a free float-adjusted market capitalization index that is designed to measure the performance of equities in emerging markets.

The Fund's portfolio normally will be managed by both overweighting and underweighting securities, countries and currencies relative to the *Emerging Markets Benchmark*, using the *Adviser's* proprietary quantitative return forecasting models and systematic risk-control methods. The *Adviser* starts with the securities that are included in the *Emerging Markets Benchmark* and augments them with additional securities that are deemed to have similar characteristics. From this investment universe, the *Adviser* employs a disciplined approach emphasizing both top-down country/currency allocation and bottom-up security selection decisions that include selection of individual stocks within industries as well as explicit industry/sector selection.

The *Adviser* uses a set of value, momentum and economic factors to generate an investment portfolio based on the *Adviser's* global asset allocation models and security selection procedures. The *Adviser* believes that a better risk-adjusted return may be achievable by applying both value and momentum strategies simultaneously.

Value strategies favor securities that appear cheap based on fundamental measures, often as a result of distress or lack of favor. Examples of value strategies include using price-to-earnings and price-to-book ratios for choosing individual equities and countries, and interest rate differentials for choosing currencies.

Momentum strategies favor securities with strong short-term performance. Examples of momentum strategies include simple price momentum for choosing individual equities and countries, and foreign exchange rate momentum for selecting currencies.

In addition to these two main strategies, the *Adviser* may use a number of additional quantitative strategies based on the *Adviser's* proprietary research.

The *Adviser* views the selection of individual securities, countries and currencies as three independent decisions. The *Adviser* may utilize country index futures, index swaps and foreign currency forwards to overweight or underweight the country and currency exposure of the overall portfolio relative to the *Emerging Markets Benchmark*.

Generally, the Fund will invest at least 80% of its net assets (including any borrowings for

investment purposes) in equity and equity-related instruments (including, but not limited to, exchange-traded funds, equity index futures, equity index swaps and depositary receipts) of emerging market countries. For this purpose, the *Adviser* considers an emerging market country to be one whose economy or markets are similar to those included in the *Emerging Markets Benchmark*. The criteria used by the Adviser to make this determination include, but are not limited to, the following: gross domestic product per capita, OECD membership, currency regime, restrictions on investment, political risk, market liquidity, and other similar considerations.

The *Adviser* invests primarily in securities comprising the *Emerging Markets Benchmark* or that will be admitted to the benchmark within 180 days of purchase. The Fund may invest in or use options, warrants, equity swaps, financial futures contracts and other types of derivative instruments in seeking to achieve its investment objective. A portion of the Fund' s assets may be held in cash or cash equivalents including, but not limited to, short-term investment funds.

The Fund may invest to a lesser extent in securities of issuers, countries and currencies not included in the *Emerging Markets Benchmark*. However, the *Adviser* does not currently expect such securities to be a significant component of the Fund' s investment portfolio.

The *Adviser* believes that the management of transaction costs should be considered when determining whether an investment is attractive. Transaction costs include commissions, bid-ask spreads, market impact and time delays (time between decision and implementation when a market may move for or against you). The *Adviser* considers transaction costs both in its forecasting model and optimization process to seek to ensure that trades for the Fund will remain attractive after transaction costs are reflected.

PRINCIPAL INVESTMENT RISKS

An investor in the Fund should have a long-term perspective and be able to tolerate potentially wide price fluctuations. There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risks, including the possibility that the value of the Fund' s portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.

The principal risks of investing in the Fund include:

Common stock risk

Emerging markets risk

New fund risk

Counterparty risk

Manager risk

Securities lending risk

Derivatives risk

Market risk

Value style risk

For more information on risks, see "How the Funds Pursue Their Investment Objectives-Risk Factors" on pages 18-21 of this Prospectus.

PERFORMANCE INFORMATION

As the AQR Emerging Markets Fund has not yet commenced operations as of the date of this prospectus, no full calendar year performance information is available.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold Class Y Shares of the Fund.

Shareholder Fees (fees paid directly from your investment)¹

	Class Y
Subscription fee (as a percentage of amount invested)	0.50%
Redemption fee (as a percentage of amount redeemed)	0.50%

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)²

Management fee	0.70%
Other expenses	0.59%
Total annual fund operating expenses	1.29%
Less: Contractual fee and expense waivers ³	0.24%
Net annual fund operating expenses	1.05%

¹ The Fund retains the subscription and redemption fees to help offset portfolio transaction and other related costs caused by significant shareholder purchases and redemptions of Class Y Shares. See “Investing with the AQR Funds - Subscription and Redemption Fees” for a more detailed discussion of the Fund’s subscription and redemption fees, including circumstances under which the Adviser may elect to waive part or all of a subscription or redemption fee. The redemption fee noted in the table above will apply to all redemptions regardless of the period such shares may have been held.

² This table shows the estimated operating expenses of Class Y Shares of the Fund as a ratio of expenses to average daily net assets. Operating expenses are estimated for the current fiscal year because the Fund had not commenced operations as of the date of this prospectus.

³ The Adviser has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at no more than 1.05% for Class Y Shares, exclusive of, among other items, interest, taxes, dividend expense, acquired fund fees and expenses, and extraordinary expenses. This arrangement will continue at least through April 30, 2010.

Example. The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other *mutual funds*. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods, reinvest all dividends and distributions, earn a 5% return each year, and operating expenses remain constant. Your actual returns and costs may be higher or lower than those shown, but based on these assumptions, your expenses would be:

1 Year

\$107

3 Years

\$377

HOW THE FUNDS PURSUE THEIR INVESTMENT OBJECTIVES

INVESTMENT TECHNIQUES

In addition to the principal investment strategies described above, each of the Funds may employ the following technique in pursuing their investment objectives.

Securities Lending. To attempt to increase its income or total return, a Fund may lend its portfolio securities to certain types of eligible borrowers. A Fund may lend its portfolio securities to certain types of eligible borrowers in amounts up to 33 1/3% of its total assets, which may include collateral. Each loan will be secured continuously by collateral in the form of cash, high quality money market instruments or securities issued by the U.S. government or its agencies or instrumentalities. Collateral will be received and maintained by a Fund's custodian concurrent with delivery of the loaned securities and kept in a segregated account or designated on the records of the custodian for the benefit of a Fund. A Fund has a right to call a loan at any time and require the borrower to redeliver the borrowed securities to the Fund within the settlement time specified in the loan agreement or be subject to a "buy in". A Fund will generally not have the right to vote securities while they are being loaned, but it is expected that the *Adviser* will call a loan in anticipation of any important vote. Securities lending will be conducted by a securities lending agent approved by the Trust's *Board of Trustees*. The securities lending agent maintains a list of broker-dealers, banks or other institutions that it has determined to be creditworthy. A Fund will only enter into loan arrangements with borrowers on the approved list.

RISK FACTORS

All investments, including those in *mutual funds*, have risks, and no one investment is suitable for all investors. Each Fund is intended for long-term investors. You may be subject to the risks described below if you invest in a Fund, based on the risks identified for a particular Fund in that Fund's description above.

Common Stock Risk: Each Fund invests significantly in common stocks, which are a type of equity security that represents an ownership interest in a corporation. Common stocks are subject to greater fluctuations in market value than other asset classes as a result of such factors as a company's business performance, investor perceptions, stock market trends and general economic conditions. The rights of common stockholders are subordinate to all other claims on a company's assets, including debt holders and preferred stockholders. Therefore, a Fund could lose money if a company in which it invests becomes financially distressed.

Counterparty Risk: The *Adviser* may make use of futures, forwards, swaps and other forms of derivative contracts. In general, a derivative contract (including options, as described below) typically involves leverage, i.e., it provides exposure to potential gain or loss from a change in the level of the market price of a security, currency or commodity (or a basket or index) in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivative contract. Many of these derivative contracts will be privately negotiated in the over-the-counter market. These contracts also involve exposure to credit risk, since contract performance depends in part on the financial condition of the counterparty. If a privately

negotiated over-the-counter contract calls for payments by a Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of agreements with such counterparty can be expected to decline, potentially resulting in losses by a Fund.

Derivatives Risk: The use of derivative instruments exposes a Fund to additional risks and transaction costs. These instruments come in many varieties and have a wide range of potential risks and rewards, and may include futures contracts, options on futures contracts, options (both written and purchased), swaps, and forward currency exchange contracts. Risks of these instruments include:

that interest rates, securities prices and currency markets will not move in the direction that the portfolio managers anticipate;

that prices of the instruments and the prices of underlying securities, interest rates or currencies they are designed to reflect do not move together as expected;

that the skills needed to use these strategies are different than those needed to select portfolio securities;

the possible absence of a liquid secondary market for any particular instrument and, for exchange-traded instruments, possible exchange-imposed price fluctuation limits, either of which may make it difficult or impossible to close out a position when desired;

that adverse price movements in an instrument can result in a loss substantially greater than a Fund's initial investment in that instrument (in some cases, the potential loss is unlimited);

particularly in the case of privately-negotiated instruments, that the counterparty will not perform its obligations, which could leave a Fund worse off than if it had not entered into the position;

the inability to close out certain hedged positions to avoid adverse tax consequences, and the fact that some of these instruments, such as credit default swaps, may have uncertain tax implications for the Funds;

the fact that "speculative position limits" imposed by the Commodity Futures Trading Commission and certain futures exchanges on net long and short positions may require the Funds to limit or unravel positions in certain types of instruments; and

the high levels of volatility some of these instruments may exhibit, in some cases due to the high levels of leverage an investor may achieve with them.

Emerging Market Risk: A Fund investing in emerging markets will, among other things, be exposed to all the risks described below in the Foreign Securities Risk section, and you should review that section carefully. However, there are greater risks involved in investing in emerging market countries and/or their securities markets than there are in more developed countries and/or markets. Generally, economic structures in these countries are less diverse and mature than those in developed countries, and their political systems are less stable. Investments in emerging market countries may be affected by national policies that restrict foreign investment in certain issuers or industries. The small size of their securities markets and low trading volumes

can make investments illiquid and more volatile than investments in developed countries and such securities may be subject to abrupt and severe price declines. A Fund investing in emerging market countries may be required to establish special custody or other arrangements before investing. In addition, because the securities settlement procedures are less developed in these countries, a Fund may be required to deliver securities before receiving payment and may also be unable to complete transactions during market disruptions. The possible establishment of exchange controls or freezes on the convertibility of currency might adversely affect an investment in foreign securities.

Foreign Securities Risk: A Fund's investments in foreign securities, including depositary receipts, involve risks not associated with investing in U.S. securities. Foreign markets may be less liquid, more volatile and subject to less government supervision than domestic markets. There may be difficulties enforcing contractual obligations, and it may take more time for trades to clear and settle. The specific risks of investing in foreign securities, among others, include:

Currency Risk: The risk that changes in currency exchange rates will negatively affect securities denominated in, and/or receiving revenues in, foreign currencies. Adverse changes in currency exchange rates (relative to the U.S. dollar) may erode or reverse any potential gains from the Funds' investments in securities denominated in a foreign currency or may widen existing losses. To the extent that a Fund is invested in foreign securities while also maintaining currency positions, it may be exposed to greater combined risk. A Fund's net currency positions may expose it to risks independent of its securities positions.

Geographic Risk: If a Fund concentrates its investments in issuers located or doing business in any country or region, factors adversely affecting that country or region will affect the Fund's net asset value more than would be the case if the Fund had made more geographically diverse investments. The economies and financial markets of certain regions, such as Latin America or Asia, can be highly interdependent and decline all at the same time.

Political/Economic Risk: Changes in economic and tax policies, government instability, war or other political or economic actions or factors may have an adverse effect on a Fund's foreign investments, potentially including expropriation and nationalization, confiscatory taxation, and the potential difficulty of repatriating funds to the United States.

Regulatory Risk: Issuers of foreign securities and foreign securities markets are generally not subject to the same degree of regulation as are U.S. issuers and U.S. securities markets. The reporting, accounting and auditing standards of foreign countries may differ, in some cases significantly, from U.S. standards.

Transaction Costs Risk: The costs of buying and selling foreign securities, including tax, brokerage and custody costs, generally are higher than those involving domestic transactions.

Use of Foreign Currency Forward Agreements: Foreign currency forward prices are influenced by, among other things, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency

devaluations and revaluations. Investments in currency forward contracts may cause a Fund to maintain net short positions in any currency, including home country currency. In other words, the total value of short exposure to such currency (such as short spot and forward positions in such currency) may exceed the total value of long exposure to such currency (such as long individual equity positions, long spot and forward positions in such currency).

Manager Risk: If a Fund's portfolio managers make poor investment decisions, it will negatively affect the Fund's investment performance.

Market Risk: Each Fund is subject to market risk, which is the risk that the markets on which the Fund's investments trade will increase or decrease in value. Market risk applies to every Fund investment. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. If there is a general decline in the securities and other markets, your investment in a Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests.

New Fund Risk: The Trust and Funds are newly-formed, and the *Adviser* has not previously served as the primary adviser to an investment company registered under the *1940 Act*. Accordingly, investors in a Fund bear the risk that the Fund may not be successful in implementing its investment strategy, and may not employ a successful investment strategy, any of which could result in the Fund being liquidated at any time without shareholder approval and at a time that may not be favorable for all shareholders. Such a liquidation could have negative tax consequences for shareholders.

Securities Lending Risk: A Fund's risk in lending portfolio securities, as with other extensions of credit, consists of the possibility of loss to the Fund due to (i) the inability of the borrower to return the securities, (ii) a delay in receiving additional collateral to adequately cover any fluctuations in the value of securities on loan, (iii) a delay in recovery of the securities, or (iv) the loss of rights in the collateral should the borrower fail financially. In addition, each of the Funds is responsible for any loss that might result from its investment of the borrower's collateral.

Small Cap Securities Risk: A Fund may invest its assets in the stocks of companies with smaller market capitalizations. While the *Adviser* and *Sub-Adviser* believe these investments may provide significant potential for appreciation, they involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid (*i.e.*, harder to sell) than that of larger capitalization stocks. Smaller capitalization companies also fail more often than larger companies and may have more limited management and financial resources than larger companies.

Value Style Risk: Investing in "value" stocks presents the risk that the stocks may never reach what the *Adviser* believes are their full market values, either because the market fails to recognize what the *Adviser* considers to be the companies' true business values or because the *Adviser* misjudged those values. In addition, value stocks may fall out of favor with investors and underperform growth stocks during given periods.

PORTFOLIO HOLDINGS DISCLOSURE

A description of the Funds' policies and procedures with respect to the disclosure of the Funds' portfolio securities is available in the Funds' Statement of Additional Information.

CHANGE IN OBJECTIVE

Each Fund's investment objective is not fundamental and may be changed by the *Board of Trustees* without shareholder approval. Shareholders will normally receive at least 30 days' written notice of any change in a Fund's investment objective.

MANAGEMENT OF THE FUNDS

AQR Funds is organized as a Delaware statutory trust (“Trust”). The Trust is governed by a *Board of Trustees* that is responsible for overseeing all business activities of the Trust.

The Funds’ *Adviser* is AQR Capital Management, LLC, a Delaware limited liability company formed in 1998. Subject to the overall authority of the *Board of Trustees*, the *Adviser* furnishes continuous investment supervision and management to the Funds’ portfolios and also furnishes office space, equipment, and management personnel. The *Adviser*’s address is Two Greenwich Plaza, 3rd Floor, Greenwich, CT 06830.

The *Adviser* is an investment management firm that employs a disciplined multi-asset, global research process. (AQR stands for Applied Quantitative Research.) Until the launch of the Funds, the *Adviser*’s investment products have been primarily provided through a limited set of collective investment vehicles and separate accounts that utilize all or a subset of the *Adviser*’s investment strategies. The *Adviser* also serves as a sub-adviser to several registered investment companies. These investment products range from aggressive, high volatility and market-neutral alternative strategies, to low volatility, more traditional benchmark-driven products.

Investment decisions are made by the *Adviser* using a series of global asset allocation, arbitrage, and security selection models, and implemented using proprietary trading and risk-management systems. The *Adviser* believes that a systematic and disciplined process is essential to achieving long-term success in investment and risk management. The principals of the *Adviser* have been pursuing the research supporting this approach since the late 1980s, and have been implementing this approach in one form or another since 1993. The research conducted by principals and employees of the *Adviser* has been published in a variety of professional journals since 1991. Please see the *Adviser*’s website (www.aqr.com) for additional information regarding the published papers written by the *Adviser*’s principals and other personnel.

The *Adviser*’s founding principals, Clifford S. Asness, Ph.D., David G. Kabiller, CFA, Robert J. Krail, and John M. Liew, Ph.D., and several colleagues founded the *Adviser* in January 1998. Each of the *Adviser*’s founding principals was formerly at Goldman Sachs, & Co., where Messrs. Asness, Krail, and Liew comprised the senior management of the Quantitative Research Group at Goldman Sachs Asset Management (GSAM). At GSAM, the team managed both traditional (managed relative to a benchmark) and non-traditional (managed seeking absolute returns) mandates. The founding principals formed the *Adviser* to build upon the success achieved at GSAM while enabling key professionals to devote a greater portion of their time to research and investment product development. The *Adviser* manages assets for institutional investors both in the United States and globally. The *Adviser* is based in Greenwich, Connecticut and employs approximately 200 people as of the date of this prospectus.

Each Fund pays an investment advisory fee to the Adviser for serving as investment adviser, as reflected below and expressed as a percentage of average daily net assets.

Fund

AQR Global Equity Fund	0.40%
AQR International Equity Fund	0.45%
AQR International Small Cap Fund	0.70%
AQR Emerging Markets Fund	0.70%

The *Adviser* has contractually agreed to reimburse the Class Y Shares of each Fund to the extent that the annual ordinary operating expenses of each Fund' s Class Y Shares, exclusive of certain expenses, exceed the following percentages of the average daily net assets of that class:

Fund

AQR Global Equity Fund	0.50%
AQR International Equity Fund	0.55%
AQR International Small Cap Fund	1.00%
AQR Emerging Markets Fund	1.05%

The expense limitation agreement is effective through December 31, 2010 for the AQR Global Equity Fund and the AQR International Equity Fund, and through April 30, 2010 for all the other Funds.

A discussion regarding the basis for the *Board of Trustees'* approval of the Funds' current *Advisory Agreement* with the *Adviser* will be available in the Funds' annual report to shareholders.

The AQR Global Equity Fund, AQR International Equity Fund and the AQR Emerging Markets Fund are managed by Messrs. Clifford S. Asness, Ph.D., Ronen Israel, Oktay Kurbanov, John M. Liew, Ph.D., and Lars Nielsen. The AQR International Small Cap Fund is managed by Messrs. Clifford S. Asness, Ph.D., Jacques A. Friedman, Ronen Israel and Lars Nielsen.

Clifford S. Asness, Ph.D. is the Managing and Founding Principal of the *Adviser*. Prior to co-founding the *Adviser* in 1998, Dr. Asness was a Managing Director and Director of Quantitative Research for Goldman Sachs Asset Management. Dr. Asness holds a B.S. in Economics from the Wharton School and a B.S. in Engineering from the Moore School of Electrical Engineering at the University of Pennsylvania, as well as an M.B.A. and a Ph.D. in Finance from the University of Chicago.

Jacques A. Friedman is a Principal of the *Adviser*. Prior to joining the *Adviser* at its inception in 1998, he was an Associate in the Quantitative Research Group at Goldman Sachs Asset Management. Mr. Friedman holds a B.S. in Applied Mathematics from Brown University and an M.S. in Applied Mathematics from the University of Washington.

Ronen Israel is a Principal of the *Adviser*. Prior to joining the *Adviser* in 1999, he was a Senior Analyst at Quantitative Financial Strategies, Inc. Mr. Israel holds a B.S. in Economics from the Wharton School and a B.A.S. in Biomedical Science from the University of Pennsylvania, and an M.A. in Mathematics from Columbia University.

Oktay Kurbanov is a Principal of the *Adviser*. Prior to joining the *Adviser* at its inception in 1998, he was an Analyst in the Quantitative Research Group at Goldman Sachs Asset Management. Mr. Kurbanov holds a B.S. in Physics and Mathematics from the University of Michigan, and an M.B.A from the Stern School of Business at New York University.

John M. Liew, Ph.D. is a Founding Principal of the *Adviser*. Prior to co-founding the *Adviser* in 1998, Dr. Liew was a Vice President and portfolio manager for Goldman Sachs Asset Management. Dr. Liew holds a B.A. in Economics, an M.B.A. and a Ph.D. in Finance from the University of Chicago.

Lars Nielsen is a Principal of the *Adviser*. Prior to joining the *Adviser* in 2000, he was an Analyst in the Quantitative Research Group of Danske Invest. Mr. Nielsen holds a B.Sc. and a M.Sc. in Economics from the University of Copenhagen, Denmark.

The Funds' Statement of Additional Information provides additional information regarding portfolio manager compensation, other accounts managed by each portfolio manager, and each portfolio manager's ownership of shares of the Fund(s) each such portfolio manager manages.

INVESTING WITH THE AQR FUNDS

Each Fund offers more than one class of shares. Each class of a Fund's shares has a pro rata interest in the Fund's investment portfolio, but differs as to expenses, distribution arrangements and the types of investors who may be eligible to invest in the share class. This prospectus only describes the Class Y Shares of the Funds. The other share classes of the Funds are offered in separate prospectuses. Call 1-866-290-2688 to obtain more information concerning the Funds' other share classes, including the prospectuses for these other share classes.

ELIGIBILITY TO BUY CLASS Y SHARES

Each Fund's Class Y Shares are offered exclusively to institutional clients of the *Adviser* with a fee-based asset management account with the *Adviser* with \$10,000,000 or more invested in a Fund.

Class Y Shares of the Funds offered by this prospectus are also offered to tax-exempt retirement plans of the *Adviser* and its affiliates and rollover accounts from those plans, as well as employees of the *Adviser* and members of their immediate families purchasing directly from the *Distributor*.

Prior to investing, non-U.S. residents should consult a qualified tax and/or legal adviser about whether purchasing shares of a Fund is a suitable investment given legal and tax ramifications; some non-U.S. residents may not be permitted to invest in a Fund depending on applicable laws and regulations.

The Funds reserve the right to refuse any request to purchase shares.

INVESTMENT MINIMUMS - CLASS Y SHARES

The minimum initial account size is \$10,000,000 for eligible institutional investors. There is no minimum subsequent investment amount. The Funds have the discretion to waive or reduce the above minimum investment requirements.

SUBSCRIPTION AND REDEMPTION FEES

The Funds offered by this prospectus assess subscription and redemption fees on Class Y Shares. Subscription and redemption fees are assessed and retained by a Fund to help offset portfolio transaction costs and other related costs (e.g., stamp duties and transfer fees) caused by shareholder purchases and redemptions of shares. In essence, the fees are designed to allocate those costs (or an estimate of those costs) to the shareholder causing the activity. Subscription fees are not assessed on reinvestments of dividends. Redemption fees apply to redemptions of Class Y Shares of a Fund regardless of how the shares were acquired (e.g., by direct purchase or by reinvestment of dividends or other distributions).

A Fund may elect to waive part or all of the subscription or redemption fee on a transaction in Class Y Shares in circumstances in which a Fund determines in its discretion that the transactional activity will not cause part or all of the costs the fee is designed to offset, including when:

part or all of a cash purchase or redemption, as applicable, is offset by a corresponding cash redemption or purchase or other cash flow occurring on the same day; or

part or all of the purchase or redemption transaction is made in kind.

The subscription and redemption fee for each of the Funds may be adjusted from time to time to account for changes in the Funds' investments.

TYPES OF ACCOUNTS - CLASS Y SHARES

You may set up your account in any of the following ways:

Individual or Joint Ownership. Individual accounts are owned by one person. Joint accounts can have two or more owners, and provide for rights of survivorship.

Trust for Established Employee Benefit or Profit-Sharing Plan. The trust or plan must be established before you can open an account and you must include the date of establishment of the trust or plan on your application.

Business or Organization. You may invest money on behalf of a corporation, association, partnership or similar institution. You should include a certified resolution with your application that indicates which officers are authorized to act on behalf of the entity.

SHARE PRICE

Net Asset Value. The price you pay for a share of a Fund, and the price you receive upon selling or redeeming a share of that Fund, is called the Fund's net asset value ("NAV") per share. Each Fund's NAV per share is computed as of the scheduled close of trading on the New York Stock Exchange (the "NYSE") (normally 4:00 p.m. Eastern time) on each day during which the NYSE is open for trading (a *Business Day*). Each Fund determines an NAV per share for each class of its shares. If the NYSE closes at any other time, or if an emergency exists, transaction deadlines and NAV calculations may occur at different times. The NAV per share of a Fund is computed by dividing the total current value of the assets of the Fund attributable to a class, less class liabilities, by the total number of shares of that class of the Fund outstanding at the time the computation is made.

Each Fund's investments are generally valued at market value, as determined based on readily available market quotations. The Funds may use pricing services to obtain readily available market quotations. The Funds value debt securities maturing less than 61 days from the date of purchase at amortized cost, which approximates market value.

Foreign markets may be open at different times and on different days than the NYSE, meaning that the value of the Funds' shares may change on days when shareholders are not able to buy or sell their shares. Foreign currencies, securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rates generally determined as of 4:00 p.m. (Eastern time).

Where market quotations are not readily available, or if an available market quotation is determined not to be reliable, a security will be valued based on its fair value as determined in accordance with the valuation procedures approved by the *Board of Trustees*. When a security's fair value is determined, the valuation may differ depending on the valuation method used by the Trust's Valuation Committee. Shareholders who purchase or redeem shares when the value of one or more securities in a Fund's portfolio have been determined using fair valuation procedures may receive more or less shares or redemption proceeds than they would have if the securities had not been valued using the fair valuation procedures.

The Funds normally value equity securities primarily traded on North American, Central American, South American and Caribbean markets using market values as described above. However, the Funds have implemented and normally use fair value pricing on a daily basis for all equity securities that are not primarily traded on North American, Central American, South American and Caribbean markets because trading in these securities typically is completed at times that vary significantly from the closing of the NYSE. This fair value pricing process for foreign equity securities uses the quotations of an independent pricing service to value each such security unless (i) the pricing service does not provide prices for the security, in which event the Fund may use market value or fair value in accordance with the Trust's Valuation Procedures or (ii) the Trust's Valuation Committee determines that (a) a quote provided by the service does not accurately reflect the value of the security and (b) the use of another fair valuation methodology is appropriate. This policy is designed to help ensure that the Funds' NAVs per share appropriately reflect their investments' values at the time of pricing.

You may obtain information as to the Fund's *NAV* per share by visiting the Funds' Web site at www.aqrfunds.com or by calling 1-866-290-2688.

GENERAL PURCHASING POLICIES

You may purchase a Fund's Class Y Shares directly from the Fund at the *NAV* per share next determined following receipt of your purchase order in *good order* by a Fund, subject to a subscription fee.

Once a Fund accepts your purchase order, you may not cancel or revoke it; however, you may redeem the shares. A Fund may withhold redemption proceeds until it is reasonably satisfied it has received your payment. This confirmation process may take up to 15 days.

Each Fund reserves the right to cancel any purchase or exchange order it receives if the Trust believes that it is in the best interest of a Fund's shareholders to do so.

GENERAL REDEMPTION POLICIES

You may redeem the Funds' Class Y Shares at the *NAV* per share next-determined following receipt of your redemption order in *good order* by the Fund.

The Funds cannot accept a redemption request that specifies a particular redemption date or price.

Once a Fund accepts your redemption order, you may not cancel or revoke it.

The Funds generally will transmit redemption proceeds within seven days after receipt of your redemption request. If you recently made a purchase, the Funds may withhold redemption proceeds until they are reasonably satisfied that they have received your payment. This confirmation process may take up to 15 days.

The Funds reserve the right at any time without prior notice to suspend, limit, modify or terminate any privilege, including the telephone exchange privilege, or its use in any manner by any person or class.

Redemption in Kind. The Funds generally intend to pay all redemptions in cash. Each Fund is obligated to redeem shares solely in cash up to the lesser of \$250,000 or 1% of the Fund's *NAV* during any 90-day period for any one shareholder. Redemptions in excess of those amounts may be paid in cash or paid wholly or partly by a distribution in kind of marketable securities, depending on the circumstances. Brokerage costs may be incurred by a shareholder who receives securities and desires to convert them to cash.

Excessive and Short-Term Trading. The Funds are intended for long-term investment purposes, and thus purchases, redemptions and exchanges of Fund shares should be made with a view toward long-term investment objectives. Excessive trading, short-term trading and other abusive trading activities may be detrimental to a Fund and its long-term shareholders by disrupting portfolio management strategies, increasing brokerage and administrative cost, harming Fund performance and diluting the value of shares. Such trading may also require a Fund to sell securities to meet redemptions, which could cause taxable events that impact shareholders. If your investment horizon is not long-term, then you should not invest in the Funds.

The *Board of Trustees* has adopted policies and procedures that seek to discourage and not accommodate excessive or short-term trading activities. These policies and procedures include, among other things, use of fair value pricing of international securities and periodic review of shareholder trading activity.

OTHER POLICIES

No Certificates. The issuance of shares is recorded electronically on the books of the Funds. You will receive a confirmation of, or account statement reflecting, each new transaction in your account, which will also show the total number of shares of each Fund you own. You can rely on these statements in lieu of certificates. The Funds do not issue certificates representing shares of the Funds.

Frozen Accounts. The Funds may be required to “freeze” your account if there appears to be suspicious activity or if account information matches information on a government list of known terrorists or other suspicious persons.

Small Account Policy. Each of the Funds reserve the right, upon 60 days’ written notice, to redeem the shares of any shareholder whose account has a value of less than \$10,000,000 in the Fund, other than as a result of a decline in the net asset value per share, or to permit an exchange for Class I or Class N Shares of the same Fund. This policy will not be implemented where the Fund has previously waived the minimum investment requirement for that shareholder. A Fund will not impose a redemption fee on an exchange of Class Y Shares for Class I Shares and/or Class N Shares of the same Fund.

Before a Fund redeems such shares and sends the proceeds to the shareholder, it will notify the shareholder that the value of the shares in the account is less than the minimum amount and will allow the shareholder 60 days to make an additional investment in an amount that will increase the value of the account(s) to at least \$10,000,000 before the redemption is processed. As a sale of your Fund shares, this redemption may have tax consequences.

HOW TO BUY CLASS Y SHARES

How To Buy Shares

You can open an account and make an initial purchase of shares of the Funds directly from the Funds through the Funds’ *Distributor*, ALPS Distributors, Inc.

To open an account and make an initial purchase directly with the Funds, you can mail a check or other negotiable bank draft (payable to AQR Funds) in the applicable minimum amount, along with a completed and signed Account Application, to AQR Funds, AQR Funds, P.O. Box 2248, Denver, CO 80201-2248. To obtain an Account Application, call 1-866-290-2688 or download one from www.aqrfunds.com. A completed Account Application must include your valid taxpayer identification number. You may be subject to penalties if you falsify information with respect to your tax identification number.

Payment must be in U.S. dollars by a check drawn on a bank in the United States, wire transfer or electronic transfer. The Funds will not accept cash, traveler’ s checks, starter checks, money orders, third party checks (except for properly endorsed IRA rollover checks), checks drawn on foreign banks or checks issued by credit card companies or Internet-based companies. Shares purchased by checks that are returned will be canceled and you will be liable for any losses or fees incurred by the Fund or its agents, including bank handling charges for returned checks.

You may also purchase Fund shares by wire transfer from your bank account to your Fund account. To place a purchase by wire, please call 1-866-290-2688 for more information.

After you have opened an account, you can make subsequent purchases of shares of the Funds directly from the Funds. To purchase shares directly by mail, send your instruction and a check to AQR Funds at P.O. Box 2248, Denver, CO 80201-2248.

Depending upon the terms of your account, you may pay account fees for services provided in connection with your investment in a Fund.

Customer Identification Program

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person that opens a new account, and to determine whether such person's name appears on government lists of known or suspected terrorists and terrorist organizations.

As a result, the Funds must obtain the following information for each person that opens a new account:

Name;

Date of birth (for individuals);

Residential or business street address (although post office boxes are still permitted for mailing); and

Social Security number, taxpayer identification number, or other identifying number.

You may also be asked for a copy of your driver's license, passport or other identifying document in order to verify your identity. In addition, it may be necessary to verify your identity by cross-referencing your identification information with a consumer report or other electronic database. Additional information may be required to open accounts for corporations and other entities.

Federal law prohibits the Funds and other financial institutions from opening a new account unless they receive the minimum identifying information listed above. After an account is opened, the Funds may restrict your ability to purchase additional shares until your identity is verified. The Funds may close your account or take other appropriate action if they are unable to verify your identity within a reasonable time. If your account is closed for this reason, your shares will be redeemed at the *NAV* next calculated after the account is closed.

The Funds and their agents will not be responsible for any loss in an investor's account resulting from the investor's delay in providing all required identifying information or from closing an account and redeeming an investor's shares when an investor's identity is not verified.

eDelivery

eDelivery allows you to receive your quarterly account statements, transaction confirmations and other important information concerning your investment in the Funds online. Select this option on your account application to receive email notifications when quarterly statements and confirmations are available for you to view via secure online access. You will also receive emails whenever a new prospectus, semi-annual or annual fund report is available. To establish eDelivery, call 1-866-290-2688 or visit www.aqrfunds.com.

HOW TO REDEEM CLASS Y SHARES

You may normally redeem your shares on any *Business Day*, i.e., any day during which the *NYSE* is open for trading. Redemptions of Class Y Shares are priced at the *NAV* per share next determined after receipt of a redemption request in *good order* by the Funds' *Distributor* or the Fund, subject to a redemption fee.

None of the Funds, the *Adviser*, the *Distributor* and the *Transfer Agent* of the Funds, nor any of their affiliates or agents will be liable for any loss, expense or cost when acting upon any oral, wired or electronically transmitted instructions or inquiries believed by them to be genuine. While precautions will be taken, as more fully described below, you bear the risk of any loss as the result of unauthorized telephone redemptions or exchanges believed to be genuine. The Funds will employ reasonable procedures to confirm that instructions communicated are genuine. These procedures include recording phone conversations, sending confirmations to shareholders within 72 hours of the telephone transaction, verifying the account name and sending redemption proceeds only to the address of record or to a previously authorized bank account.

By Telephone

You may redeem your shares by telephone if you choose that option on your Account Application. If you did not originally select the telephone option, you must provide written instructions to the Funds in order to add this option. The maximum amount that may be redeemed by telephone at any one time is \$50,000. You may have the proceeds mailed to your address of record or wired to a bank account previously designated on the Account Application.

By Mail

To redeem by mail, you must send a written request for redemption to the Funds, AQR Funds, P.O. Box 2248, Denver, CO 80201-2248. The Funds' *Transfer Agent* will require a Medallion Signature Guarantee. A Medallion Signature Guarantee may be obtained from a domestic bank or trust company, broker, dealer, clearing agency, savings association, or other financial institution that is participating in a medallion program recognized by the Securities Transfer Association. Signature guarantees from financial institutions that are not participating in one of these programs are not accepted as Medallion Signature Guarantees. The Medallion Signature Guarantee requirement will be waived if all of the following conditions apply (1) the redemption check is payable to the shareholder(s) of record, (2) the redemption check is mailed to the shareholder(s) at the address of record, (3) an application is on file with the *Transfer Agent*, and (4) the proceeds of the redemption are \$50,000 or less. The *Transfer Agent* cannot send an overnight package to a post office box.

Retirement Accounts

To redeem shares from an IRA, Roth IRA, SIMPLE IRA, SEP IRA, 403(b) or other retirement account, you must mail a completed and signed Distribution Form to the Funds. You may not redeem shares of an IRA, Roth IRA, SIMPLE IRA, SEPIRA, 403(b) or other retirement account by telephone or via the Internet.

Payments of Redemption Proceeds

Redemption orders are valued at the *NAV* per share next determined (subject to the redemption fee if applicable) after the shares are properly tendered for redemption, as described above. Payment for shares redeemed generally will be made within seven days after receipt of a valid request for redemption. The Funds may temporarily stop redeeming shares or delay payment of redemption proceeds when the *NYSE* is closed or trading on the *NYSE* is restricted, when an emergency exists and the Funds cannot sell shares or accurately determine the value of assets, or if the *SEC* orders the Funds to suspend redemptions or delay payment of redemption proceeds.

At various times, a Fund may be requested to redeem shares for which it has not yet received good payment. If this is the case, the forwarding of proceeds may be delayed until payment has been collected for the purchase of the shares. The delay may last 15 days or more. The Funds intend to forward the redemption proceeds as soon as good payment for purchase orders has been received. This delay may be avoided if shares are purchased by wire transfer. The Funds intend to pay cash for all shares redeemed, except in cases noted above under the heading "General Redemption Policies," in which case payment for certain large redemptions may be made wholly or partly in portfolio securities that have a market value equal to the redemption price. You may incur brokerage costs in converting the portfolio securities to cash.

By Check

You may have a check for the redemption proceeds mailed to your address of record. To change the address to which a redemption check is to be mailed, you must send a written request with a Medallion Signature Guarantee to the Funds, AQR Funds, P.O. Box 2248, Denver, CO 80201-2248.

By ACH Transfer

If your bank account is ACH active, you may have your redemption proceeds sent to your bank account via ACH transfer.

By Wire Transfer

You can arrange for the proceeds of a redemption to be sent by wire transfer to a single previously designated bank account if you have given authorization for expedited wire redemption on your Funds Account Application. If a request for a wire redemption is received by the Funds prior to the close of the *NYSE*, the shares will be redeemed that day at the next

determined *NAV*, and the proceeds will generally be sent to the designated bank account the next *Business Day*. The bank must be a member of the Federal Reserve wire system. Delivery of the proceeds of a wire redemption request may be delayed by the Funds for up to seven days if deemed appropriate under then current market conditions. Redeeming shareholders will be notified if a delay in transmitting proceeds is anticipated. The Funds cannot be responsible for the efficiency of the Federal Reserve wire system or the shareholder's bank. You are responsible for any charges imposed by your bank. The Funds reserve the right to terminate the wire redemption privilege. Shares purchased by check may not be redeemed by wire transfer until the shares have been owned (*i.e.*, paid for) for at least 15 days. To change the name of the single bank account designated to receive wire redemption proceeds, you must send a written request with a Medallion Signature Guarantee to the Funds, AQR Funds, P.O. Box 2248, Denver, CO 80201-2248. If you elect to have the payment wired to your bank, a wire transfer fee of \$30.00 will be charged by the Funds.

SHAREHOLDER SERVICES AGREEMENT

The *Trust* has entered into a Shareholder Services Agreement with respect to Class Y Shares. Under the Shareholder Services Agreement, the Funds pay the *Adviser* a fee for providing or arranging for the provision of certain services to shareholders of each Fund of up to 0.25% annually of the Fund's average daily net assets for Class Y Shares.

CERTAIN PAYMENTS

The *Adviser* (or an affiliate) may make payments out of its own resources to certain intermediaries or their affiliates offering shares of the Funds based on sales or assets attributable to the intermediary, or such other criteria agreed to by the *Adviser* in connection with the sale or distribution of the Funds' shares. The *Adviser* selects the intermediaries to which it or its affiliate makes payments. The *Adviser* and the Funds' *Distributor* may make other payments or allow promotional incentives to broker-dealers to the extent permitted by *SEC* and Financial Industry Regulatory Authority (FINRA) rules and by other applicable laws and regulations.

DISTRIBUTIONS AND TAXES

DISTRIBUTIONS

Each Fund distributes to its shareholders substantially all net investment income as dividends and any net capital gains realized from sales of the Fund's portfolio securities. Each of the Funds expects to declare and pay dividends annually. Net realized long-term capital gains, if any, are paid to shareholders at least annually.

All of your income dividends and capital gain distributions will be reinvested in additional shares unless you elect to have distributions paid by check. If any check from a Fund mailed to you is returned as undeliverable or is not presented for payment within six months, the Trust reserves the right to reinvest the check proceeds and future distributions in additional Fund shares.

TAXES

The following discussion of U.S. and non-U.S. taxation applies only to U.S. shareholders and is not intended to be a full discussion of income tax laws and their effect. You may wish to consult your own tax advisor.

Taxes on Transactions. When you redeem shares, you will experience a capital gain or loss if there is a difference between the tax basis of your shares and the price you receive when you redeem them. The federal tax treatment will depend on how long you owned the shares and your individual tax position. Any loss recognized on shares held for six months or less will be treated as a long-term capital loss to the extent of any long-term capital gain distributions that were received with respect to the shares. You may be subject to state and local taxes on your investment in a Fund, depending on the laws of your home state or locality.

Exchanges. If you perform an exchange transaction, it is considered a sale and purchase of shares for federal income tax purposes and may result in a capital gain or loss.

Distributions. Distributions from investment income (dividends) and net short-term capital gains are taxable as ordinary income except as noted below. Distributions of long-term capital gains are taxable as long-term capital gains regardless of the length of time you have held your Fund shares. Although a Fund will not be taxed on amounts it distributes, distributions will be taxable to you whether received in cash or reinvested in Fund shares, unless you hold your Fund shares in an individual retirement account or other tax-deferred account. These accounts are subject to complex tax rules and you should consult your tax advisor about which tax rules will apply to your investment.

The Trust will send you an annual statement to advise you as to the source of your distributions for tax purposes.

Taxes on Distributions. Distributions are subject to federal income tax, and may be subject to state or local taxes. If you are a U.S. citizen residing outside the U.S., your distributions also may be taxed by the country in which you reside. Your distributions are taxable whether you take them in cash or reinvest them in additional shares.

For federal tax purposes, a Fund's income and short-term capital gain distributions are taxed as ordinary income and long-term capital gain distributions are taxed as long-term capital gains, except that "qualified dividend income" of noncorporate investors who satisfy certain holding period requirements is taxed at long-term capital gain rates, which currently reach a maximum of 15%. The 15% maximum rate for long-term capital gains is scheduled to expire at the end of 2010. After 2010, the capital gains rate is scheduled to increase to 20% and income from dividends would be taxed as ordinary income. The character of a capital gain depends on the length of time that the Fund held the asset it sold.

Every January, each of your Funds will send you and the *IRS* a statement called Form 1099 showing the amount of taxable distributions you received (including those reinvested in additional shares) in the previous calendar year.

Average Cost Calculation. Each shareholder is responsible for tax reporting and Fund share cost calculation. To facilitate your tax reporting, each Fund provides you with an average cost statement with your 1099 tax form. This average cost statement is based on transaction activity in an account for the period during which you held the account directly with the Fund.

Buying Into a Distribution. Purchasing a Fund' s shares in a taxable account shortly before a distribution by the Fund is sometimes called "buying into a distribution." You pay income taxes on a distribution whether you reinvest the distribution in shares of the Fund or receive it in cash. In addition, you pay taxes on the distribution whether the value of your investment decreased, increased or remained the same after you bought shares of the Fund.

A Fund may build up capital gains during the period covered by a distribution (over the course of the year, for example) when securities in the Fund' s portfolio are sold at a profit. After subtracting any capital losses, the Fund distributes those gains to you and other shareholders, even if you did not own the shares when the gains occurred (if you did not hold the Fund earlier in the year, for example), and you incur the full tax liability on the distribution.

Non-U.S. Income Taxes. Investment income received by a Fund from sources within non-U.S. countries may be subject to non-U.S. income taxes withheld at the source. If a Fund pays nonrefundable taxes to non-U.S. governments during the year, the taxes will reduce the Fund' s dividends but will still be included in your taxable income. However, if a Fund qualifies for, and makes, a special election, you may be able to claim an offsetting credit or deduction on your tax return for your share of non-U.S. taxes paid by a Fund.

Backup Withholding. You must furnish to the Funds your properly certified social security or other tax identification number to avoid Federal income tax backup withholding on dividends, distributions and redemption proceeds. If you do not do so or the *IRS* informs the Fund that your tax identification number is incorrect, the Fund may be required to withhold a percentage (currently 28%) of your taxable distributions and redemption proceeds. Because each Fund must promptly pay to the *IRS* all amounts withheld, it is usually not possible for a Fund to reimburse you for amounts withheld. You may claim the amount withheld as a credit on your federal income tax return.

FINANCIAL HIGHLIGHTS

The Funds have not commenced operations as of the date of this prospectus. As such, no financial performance information for the Funds is available.

GLOSSARY OF TERMS

The following is a glossary of terms used throughout this prospectus and their definitions. This glossary is set forth solely for reference purposes. The terms summarized or referenced in this glossary are qualified in their entirety by the prospectus itself.

1940 Act	the Investment Company Act of 1940, as amended
Adviser	AQR Capital Management, LLC
Advisory Agreement	the Investment Advisory Agreement dated December 4, 2008 under which the Adviser serves as investment adviser to the AQR Funds
Alpha	the risk-adjusted level of outperformance of a portfolio over its benchmark
Board of Trustees	the Board of Trustees of the AQR Funds or any duly authorized committee thereof, as permitted by applicable law
Business Day	each day during which the NYSE is open for trading
Code	the Internal Revenue Code of 1986, as amended
Convertible Securities	fixed-income securities that are convertible into common stock
Distributor	ALPS Distributors, Inc.
Emerging Markets Benchmark or MSCI Emerging Markets Index	the MSCI Emerging Markets Total Return Index with Net Dividends Unhedged in U.S. Dollars, which is a free float-adjusted market capitalization index that is designed to measure the performance of equities in emerging markets
Global Equity Benchmark or MSCI World Index	the MSCI World Total Return Index with Net Dividends Unhedged in U.S. Dollars, a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, including the United States and Canada
Good order	A purchase, exchange or redemption order is in “good order” when a Fund, its Distributor and/or its agent, receives all required information, including properly completed and signed documents.
International Equity Benchmark or MSCI EAFE Index	the MSCI EAFE Total Return Index with Net Dividends Unhedged in U.S. Dollars, a free float-adjusted market capitalization index that is designed to measure the performance of equities in developed markets, excluding the United States and Canada

International Small Cap Benchmark or MSCI EAFE Small Cap Index	the MSCI EAFE Small Cap Total Return Index with Net Dividends Unhedged in U.S. Dollars, a free float-adjusted market capitalization index that is designed to measure the performance of smaller capitalization equities in developed markets, excluding the United States and Canada
IRS	the Internal Revenue Service
Mutual fund	an investment company registered under the 1940 Act that pools the money of many investors and invests it in a variety of securities in an effort to achieve a specific objective over time
NAV	the net asset value of a particular Fund
NYSE	the New York Stock Exchange
SEC	U.S. Securities and Exchange Commission
Transfer Agent	ALPS Fund Services, Inc.
Total return	the percentage change, over a specified time period, in a mutual fund' s NAV, assuming the reinvestment of all distributions of dividends and capital gains
Tracking Error or Tracking Risk	a measure of how closely a portfolio follows the index to which it is benchmarked. It measures the standard deviation of the difference between the portfolio and index returns.

You may wish to read the Statement of Additional Information for more information about the Funds. The Statement of Additional Information is incorporated by reference into this prospectus, which means that it is considered to be part of this prospectus.

You may obtain free copies of the Funds' Statement of Additional Information, request other information, and discuss your questions about the Funds by writing or calling:

AQR Funds
P.O. Box 2248
Denver, CO 80201-2248
1-866-290-2688

The requested documents will be sent within three business days of your request.

You may also obtain the Funds' Statement of Additional Information, along with other information, free of charge, by visiting the Funds' Web site at www.aqrfunds.com.

Text-only versions of all Fund documents can be viewed online or downloaded from the EDGAR Database on the *SEC's* internet web site at www.sec.gov. You may also review and copy those documents by visiting the *SEC's* Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling the *SEC* at 202-942-8090. In addition, copies of the Fund documents may be obtained, after mailing the appropriate duplicating fee, by writing to the *SEC's* Public Reference Section, Washington, DC 20549-0102 or by e-mail request at publicinfo@sec.gov.

AQR Funds Trust

Investment Company Act File No.: 811-22235

The AQR Funds

Statement of Additional Information

INTERNATIONAL AND GLOBAL EQUITY FUNDS

AQR Global Equity Fund

AQR International Equity Fund

AQR International Small Cap Fund

AQR Emerging Markets Fund

DOMESTIC EQUITY FUNDS

AQR Equity Plus Fund

AQR Small Cap Core Fund

AQR Small Cap Growth Fund

ABSOLUTE RETURN FUND

AQR Diversified Arbitrage Fund

December 15, 2008

Two Greenwich Plaza, 3rd Floor

Greenwich, CT 06830

1-866-290-2688

This Statement of Additional Information is not a prospectus and should be read in conjunction with the prospectus of AQR Funds dated December 15, 2008 ("Prospectus"), which has been filed with the Securities and Exchange Commission ("SEC") and can be obtained, without charge, by writing to AQR Funds, P.O. Box 2248, Denver, CO 80201-2248 or calling the telephone number given above. This Statement of Additional Information is incorporated by reference in its entirety in the Prospectus. Copies of the Prospectus, Statement of Additional Information and the most current annual and semi-annual reports, when available, may be obtained without charge by writing the address or calling the phone number shown above.

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STATEMENT OF ADDITIONAL INFORMATION

AQR Funds (“Trust”) is an open-end management investment company organized as a Delaware statutory trust on September 4, 2008, and is currently composed of eight series: AQR Global Equity Fund, AQR International Equity Fund, AQR International Small Cap Fund, AQR Emerging Markets Fund, AQR Equity Plus Fund, AQR Small Cap Core Fund, AQR Small Cap Growth Fund and AQR Diversified Arbitrage Fund (each a “Fund” and collectively, “Funds”).

Each of AQR Global Equity Fund, AQR International Equity Fund, and AQR Small Cap Core Fund is to acquire the assets and liabilities of a corresponding privately offered fund managed by AQR Capital Management, LLC, the Funds’ investment adviser (“Adviser”), in a reorganization completed on the date each Fund commences operations. Each privately offered fund had an investment objective and investment policies that were, in all material respects, the same as those of the corresponding Fund. However, the privately offered funds were not registered as investment companies under the Investment Company Act of 1940, as amended (“1940 Act”), and were not subject to certain investment limitations, diversification requirements, liquidity requirements and other restrictions imposed by the 1940 Act and the Internal Revenue Code (“Code”).

The Trust and the Adviser have retained CNH Partners, LLC (“Sub-Adviser”), an affiliate of the Adviser, to serve as an investment sub-adviser to AQR Diversified Arbitrage Fund.

Much of the information contained in this Statement of Additional Information (“SAI”) expands on subjects discussed in the Prospectus. No investment in the shares of any of the Funds should be made without first reading the Prospectus. All terms defined in the Prospectus have the same meaning in the SAI.

SECURITIES, INVESTMENT STRATEGIES AND RELATED RISKS

The following descriptions supplement the descriptions of the investment objectives, strategies and related risks of each Fund as set forth in the Prospectus.

Subject to the investment policies and restrictions as described in the Prospectus and in this SAI, each Fund may invest in any of the following securities or pursue any of the following investment strategies.

Arbitrage Strategies

The AQR Diversified Arbitrage Fund may use a variety of arbitrage strategies in pursuing its investment strategy. The underlying relationships among securities in which the Fund takes investment positions may change in an adverse manner, in which case the Fund may realize losses. The expected gain on an individual arbitrage investment is normally considerably smaller than the possible loss should the transaction be unexpectedly terminated. The expected timing of each transaction is also extremely important since the length of time that the Fund’ s capital must be committed to any given transaction will affect the rate of return realized by the Fund, and delays can substantially reduce such returns. Therefore, unanticipated delays in timing could cause the Fund to lose money or not achieve the desired rate of return. Trading to seek short-term capital appreciation can be expected to cause the Fund’ s portfolio turnover rate to be substantially higher than that of the average equity-oriented investment company and, as a result, may involve increased brokerage commission costs which will be borne directly by the Fund and ultimately by its investors. Certain investments of the Fund may, under certain circumstances, be subject to rapid and sizable losses.

One type of arbitrage transaction that the Sub-Adviser anticipates employing involves purchasing the shares of an announced acquisition target at a discount from the expected value of such shares upon completion of the acquisition. The size of the discount, or spread, and whether the potential reward justifies the potential risk are functions of numerous factors affecting the riskiness and timing of the acquisition. Such factors include the status of the negotiations between the two companies (for example, spreads typically narrow as the parties advance from an agreement in principle to a definitive agreement), the complexity of the transaction, the number of regulatory approvals required, the likelihood of government intervention on antitrust or other grounds, the type of consideration to be received and the possibility of competing offers for the target company.

Borrowing and Leverage

Each Fund may borrow money to the extent permitted under the 1940 Act, as such may be interpreted or modified by regulatory authorities having jurisdiction, from time to time. This borrowing may be unsecured. The 1940 Act precludes a fund from borrowing if, as a result of such borrowing, the total amount of all money borrowed by a fund exceeds 33 1/3% of the value of its total assets (that is, total assets including borrowings, less liabilities exclusive of borrowings) at the time of such borrowings. This means that the 1940 Act requires a fund to maintain continuous asset coverage of 300% of the amount borrowed. If the 300% asset coverage should decline as a result of market fluctuations or other reasons, a Fund may be required to sell some of its portfolio holdings within three days to reduce the debt and restore the 300% asset coverage, even though it may be disadvantageous from an investment standpoint to sell securities at that time, and could cause the Fund to be unable to meet certain requirements for qualification as a regulated investment company under the Code.

Borrowing has a leveraging effect because it tends to exaggerate the effect on a Fund's NAV per share of any changes in the market value of its portfolio securities. Money borrowed will be subject to interest costs and other fees, which may or may not be recovered by earnings on the securities purchased. A Fund also may be required to maintain minimum average balances in connection with a borrowing or to pay a commitment or other fee to maintain a line of credit. Either of these requirements would increase the cost of borrowing over the stated interest rate. Unless the appreciation and income, if any, on assets acquired with borrowed funds exceed the costs of borrowing, the use of leverage will diminish the investment performance of a fund compared with what it would have been without leverage.

The SEC takes the position that other transactions that have a leveraging effect on the capital structure of a fund or can be viewed as constituting a form of "senior security" of the fund for purposes of the 1940 Act. These transactions may include selling securities short, buying and selling certain derivatives (such as futures contracts), selling (or writing) put and call options, engaging in when-issued, delayed-delivery, or forward-commitment transactions, and other trading practices that have a leveraging effect on the capital structure of a fund or may be viewed as economically equivalent to borrowing. A borrowing transaction will not be considered to constitute the issuance of a "senior security" by a Fund if the Fund (1) maintains an offsetting financial position, (2) maintains liquid assets in a sufficient value to cover the Fund's potential obligation under the borrowing transaction not offset or covered as provided in (1) and (3), or (3) otherwise "covers" the transaction in accordance with applicable SEC guidance (collectively, "covers" the transaction). The value of a Fund's holdings in such instruments are marked-to-market daily to ensure proper coverage. A Fund may have to buy or sell a security at a disadvantageous time or price in order to cover such transaction. In addition, assets being maintained to cover such transactions may not be available to satisfy redemptions or for other purposes or obligations.

Cash Management/Temporary Investments

A Fund can hold uninvested cash or can invest it in cash equivalents such as money market instruments, interests in short-term investment funds, repurchase agreements, or shares of money market or short-term bond funds. Generally, these securities offer less potential for gains than other types of securities.

A Fund also may adopt temporary defensive positions by investing up to 100% of its assets in these instruments, even if the investments are inconsistent with the Fund's principal investment strategies, in attempting to respond to adverse market, economic, political or other conditions. To the extent a Fund invests in these temporary investments in this manner, the Fund may not achieve its investment objective.

Convertible Securities

A Fund may invest in preferred stocks or fixed-income securities which are convertible into common stock. Convertible securities are securities that may be converted either at a stated price or rate within a specified period of time into a specified number of shares of common stock. Traditionally, convertible securities have paid dividends or interest greater than on the related common stocks, but less than fixed income non-convertible securities. By investing in a convertible security, a Fund may participate in any capital appreciation or depreciation of a company's stock, but to a lesser degree than if it had invested in that company's common stock. Convertible securities rank senior to common stock in a corporation's capital structure and, therefore, entail less risk than the corporation's

common stock. The value of a convertible security is a function of its “investment value” (its value as if it did not have a conversion privilege), and its “conversion value” (the security’s worth if it were to be exchanged for the underlying security, at market value, pursuant to its conversion privilege). A Fund may attempt to hedge certain of its investments in convertible debt securities by selling short the issuer’s common stock.

Debt Obligations

A Fund, subject to its investment strategies and policies, may invest in corporate bonds and other evidences of indebtedness (“debt securities”), including debt securities issued by companies involved in publicly announced mergers, takeovers and other corporate reorganizations, including reorganizations undertaken pursuant to Chapter 11 of the U.S. Bankruptcy Code.

Although generally not as risky as the equity securities of the same issuer, debt securities may gain or lose value due to changes in interest rates and other general economic conditions, industry fundamentals, market sentiment and the issuer’s operating results, balance sheet and credit ratings. The market value of debt securities issued by companies involved in pending corporate mergers and takeovers may be determined in large part by the status of the transaction and its eventual outcome, especially if the debt securities are subject to change-of-control provisions that entitle the holder to be paid par value or some other specified dollar amount upon completion of the merger or takeover. Accordingly, the principal risk associated with investing in these debt securities is the possibility that the transaction may not be completed.

Callable Bonds. Some bonds give the issuer the option to call, or redeem, the bonds before their maturity date. If an issuer “calls” its bond during a time of declining interest rates, a Fund might have to reinvest the proceeds in an investment offering a lower yield. During periods of market illiquidity or rising interest rates, prices of a Fund’s “callable” issues are subject to increased price fluctuation.

Sovereign Debt Obligations. Investments in sovereign debt obligations involve special risks which are not present in corporate debt obligations. The foreign issuer of the sovereign debt or the foreign governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Fund may have limited recourse in the event of a default. During periods of economic uncertainty, the market prices of sovereign debt, and the NAV of the Fund, to the extent it invests in such securities, may be more volatile than prices of U.S. debt issuers. In the past, certain foreign countries have encountered difficulties in servicing their debt obligations, withheld payments of principal and interest and declared moratoria on the payment of principal and interest on their sovereign debt.

A sovereign debtor’s willingness or ability to repay principal and pay interest in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange, the relative size of the debt service burden, the sovereign debtor’s policy toward principal international lenders and local political constraints. Sovereign debtors may also be dependent on expected disbursements from foreign governments, multilateral agencies and other entities to reduce principal and interest arrearages on their debt. The failure of a sovereign debtor to implement economic reforms, achieve specified levels of economic performance or repay principal or interest when due may result in the cancellation of third party commitments to lend funds to the sovereign debtor, which may further impair such debtor’s ability or willingness to service its debts.

Depositary Receipts

A Fund may purchase American Depositary Receipts (“ADRs”), European Depositary Receipts (“EDRs”) and Global Depositary Receipts (“GDRs”). ADRs, EDRs and GDRs are certificates evidencing ownership of shares of a foreign issuer and are alternatives to directly purchasing the underlying foreign securities in their national markets and currencies. However, they continue to be subject to many of the risks associated with investing directly in foreign securities. These risks include the political and economic risks of the underlying issuer’s country, as well as in the case of depositary receipts traded on non-U.S. markets, exchange risk. ADRs, EDRs and GDRs may be sponsored or unsponsored. The issuer of a sponsored receipt typically bears certain expenses of maintaining the depositary receipt facility. Unsponsored receipts are established without the participation of the issuer. Unsponsored

receipts may involve higher expenses, they may not pass-through voting or other shareholder rights, and they may be less liquid. Holders of unsponsored receipts generally bear all the costs of the depositary receipt facility. The bank or trust company depositary of an unsponsored depositary receipt may be under no obligation to distribute shareholder communications. AQR Emerging Markets Fund may treat certain ADRs as emerging market investments for purposes of compliance with its investment strategy and policies.

Equity Securities

Equity securities may include common and preferred stock, convertible securities, private investments in public equities, depositary receipts and warrants. Common stock represents an equity or ownership interest in a company. This interest often gives a Fund the right to vote on measures affecting the company's organization and operations. Equity securities have a history of long-term growth in value, but their prices tend to fluctuate in the shorter term. Preferred stock generally does not exhibit as great a potential for appreciation or depreciation as common stock, although it ranks above common stock in its claim on income for dividend payments.

The market value of all securities, including equity securities, is based upon the market's perception of value and not necessarily the book value of an issuer or other objective measure of a company's worth.

Exchange-Traded Funds ("ETFs")

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. A Fund could purchase an ETF to temporarily gain exposure to a portion of the U.S. or foreign market while awaiting an opportunity to purchase securities directly. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile than the underlying portfolio of securities and ETFs have management fees that increase their costs versus the costs of owning the underlying securities directly. See also "Securities of Other Investment Companies" below.

Foreign and Emerging Market Investments and Currency Transactions

Foreign Investments. A Fund may invest in securities and other investments (which may be denominated in U.S. dollars or non-U.S. currencies) issued or guaranteed by foreign corporations, certain supranational entities and foreign governments or their agencies or instrumentalities, and in securities issued by U.S. corporations denominated in non-U.S. currencies. All such investments are referred to as "foreign instruments."

Investing in foreign instruments offers potential benefits not available from investing solely in securities of domestic issuers, including the opportunity to invest in foreign issuers that appear to offer investment potential, or in foreign countries with economic policies or business cycles different from those of the U.S., or to reduce fluctuations in portfolio value by taking advantage of foreign stock markets that do not move in a manner parallel to U.S. markets.

Investments in foreign instruments present additional risks and considerations not typically associated with investments in domestic securities: reduction of income due to foreign taxes; fluctuation in value of foreign portfolio investments due to changes in currency rates and control regulations (e.g., currency blockage); transaction charges for currency exchange; lack of public information about foreign issuers; lack of uniform accounting, auditing and financial reporting standards comparable to those applicable to domestic issuers; less trading volume on foreign exchanges than on U.S. exchanges; greater volatility and less liquidity on foreign markets than in the United States; less regulation of foreign issuers, stock exchanges and brokers than in the United States; greater difficulties in commencing lawsuits and obtaining judgments in foreign courts; higher brokerage commission rates than in the United States; increased risks of delays in settlement of portfolio transactions or loss of certificates for portfolio securities; requirement of payment for investments prior to settlement possibilities in some countries of expropriation, confiscatory taxation, political, financial or social instability or adverse diplomatic developments; and unfavorable differences between the United States economy and foreign economies. In the past, U.S. Government policies have discouraged certain investments abroad by U.S. investors, through taxation or other restrictions, and it is possible that such restrictions could be re-imposed.

Emerging Markets Investments. A Fund may invest in emerging markets investments, which have exposure to the risks discussed above relating to foreign instruments more generally, as well as certain additional risks. A high proportion of the shares of many issuers in emerging market countries may be held by a limited number of persons and financial institutions, which may limit the number of shares available for investment. The prices at which investments may be acquired may be affected by trading by persons with material non-public information and by securities transactions by brokers in anticipation of transactions by a Fund in particular securities. In addition, emerging market investments are susceptible to being influenced by large investors trading significant blocks of securities.

Emerging market stock markets are undergoing a period of growth and change which may result in trading volatility and difficulties in the settlement and recording of transactions, and in interpreting and applying the relevant law and regulations. The securities industries in these countries is comparatively underdeveloped. Stockbrokers and other intermediaries in the emerging markets may not perform as well as their counterparts in the United States and other more developed securities markets.

Political and economic structures in many emerging market countries are undergoing significant evolution and rapid development, and such countries may lack the social, political and economic stability characteristic of the United States. Certain of such countries may have, in the past, failed to recognize private property rights and have at times nationalized or expropriated the assets of private companies. As a result, the risks described above, including the risks of nationalization or expropriation of assets, may be heightened. In addition, unanticipated political or social developments may affect the values of investments in those countries and the availability of additional investments in those countries. The laws of countries in emerging markets relating to limited liability of corporate shareholders, fiduciary duties of officers and directors, and the bankruptcy of state enterprises are generally less well developed than or different from such laws in the United States. It may be more difficult to obtain or enforce a judgment in the courts of these countries than it is in the United States. Emerging securities markets are substantially smaller, less liquid and more volatile than the major securities markets in the United States. Although some governments in emerging markets have instituted economic reform policies, there can be no assurances that such policies will continue or succeed.

Foreign Currency Transactions. The value of foreign assets as measured in U.S. dollars may be affected favorably or unfavorably by changes in foreign currency rates and exchange control regulations. Currency exchange rates can also be affected unpredictably by intervention by U.S. or foreign governments or central banks, or the failure to intervene, or by currency controls or political developments in the U.S. or abroad. Foreign currency exchange transactions may be conducted on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market or through entering into derivative currency transactions. Currency futures contracts are exchange-traded and change in value to reflect movements of a currency or a basket of currencies. Settlement must be made in a designated currency.

Forward foreign currency exchange contracts are individually negotiated and privately traded so they are dependent upon the creditworthiness of the counterparty. Such contracts may be used when a security denominated in a foreign currency is purchased or sold, or when the receipt in a foreign currency of dividend or interest payments on such a security is anticipated. A forward contract can then “lock in” the U.S. dollar price of the security or the U.S. dollar equivalent of such dividend or interest payment, as the case may be. Additionally, when the Adviser or Sub-Adviser, as appropriate, believes that the currency of a particular foreign country may suffer a substantial decline against the U.S. dollar, it may enter into a forward contract to sell, for a fixed amount of dollars, the amount of foreign currency approximating the value of some or all of the securities held that are denominated in such foreign currency. The precise matching of the forward contract amounts and the value of the securities involved will not generally be possible. In addition, it may not be possible to hedge against long-term currency changes. Cross-hedging may be used by using forward contracts in one currency (or basket of currencies) to hedge against fluctuations in the value of securities denominated in a different currency. Use of a different foreign currency magnifies exposure to foreign currency exchange rate fluctuations. Forward contracts may also be used to shift exposure to foreign currency exchange rate changes from one currency to another. Short-term hedging provides a means of fixing the dollar value of only a portion of portfolio assets.

Currency transactions are subject to the risk of a number of complex political and economic factors applicable to the countries issuing the underlying currencies. Furthermore, unlike trading in most other types of instruments, there is

no systematic reporting of last sale information with respect to the foreign currencies underlying the derivative currency transactions. As a result, available information may not be complete. In an over-the-counter trading environment, there are no daily price fluctuation limits. There may be no liquid secondary market to close out options purchased or written, or forward contracts entered into, until their exercise, expiration or maturity. There is also the risk of default by, or the bankruptcy of, the financial institution serving as a counterparty.

Currency swaps involve the exchange of rights to make or receive payments in specified currencies and are individually negotiated. The entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations. A Fund's performance may be adversely affected as the Adviser or Sub-Adviser may be incorrect in its forecasts of market value and currency exchange rates.

Forwards, Futures, Swaps and Options

As described below, a Fund may purchase and sell in the U.S. or abroad futures contracts, put and call options, forward contracts, swaps and options on securities, futures, broadly-based stock indices and currencies. In the future, a Fund may employ instruments and strategies that are not presently contemplated, but which may be subsequently developed, to the extent such investment methods are consistent with such Fund's investment objectives, and are legally permissible. There can be no assurance that an instrument, if employed, will be successful.

A Fund may buy and sell these investments for a number of purposes, including hedging, investment or speculative purposes. For example, it may do so to try to manage its exposure to the possibility that the prices of its portfolio securities may decline, or to establish a position in the securities market as a temporary substitute for purchasing individual securities. Some of these strategies, such as selling futures, buying puts and writing covered calls, may be used to hedge a Fund's portfolio against price fluctuations. Other hedging strategies, such as buying futures and call options, tend to increase a Fund's exposure to the securities market.

Special Risk Factors Regarding Forwards, Futures, Swaps and Options. Transactions in derivative instruments (e.g., futures, options, forwards, and swaps) involve a risk of loss or depreciation due to: unanticipated adverse changes in securities prices, interest rates, indices, the other financial instruments' prices or currency exchange rates; the inability to close out a position; default by the counterparty; imperfect correlation between a position and the desired hedge; tax constraints on closing out positions; and portfolio management constraints on securities subject to such transactions. The loss on derivative instruments (other than purchased options) may substantially exceed the amount invested in these instruments. In addition, the entire premium paid for purchased options may be lost before they can be profitably exercised. Transaction costs are incurred in opening and closing positions. Derivative instruments may increase or leverage exposure to a particular market risk, thereby increasing price volatility of derivative instruments a Fund holds. A Fund's success in using derivative instruments to hedge portfolio assets depends on the degree of price correlation between the derivative instruments and the hedged asset. Imperfect correlation may be caused by several factors, including temporary price disparities among the trading markets for the derivative instrument, the assets underlying the derivative instrument and a Fund's assets.

OTC derivative instruments involve an increased risk that the issuer or counterparty will fail to perform its contractual obligations. Some derivative instruments are not readily marketable or may become illiquid under adverse market conditions. In addition, during periods of market volatility, a commodity exchange may suspend or limit trading in an exchange-traded derivative instrument, which may make the contract temporarily illiquid and difficult to price. Commodity exchanges may also establish daily limits on the amount that the price of a futures contract or futures option can vary from the previous day's settlement price. Once the daily limit is reached, no trades may be made that day at a price beyond the limit. This may prevent the closing out of positions to limit losses. Certain purchased OTC options, and assets used as cover for written OTC options, may be considered illiquid. The ability to terminate OTC derivative instruments may depend on the cooperation of the counterparties to such contracts. For thinly traded derivative instruments, the only source of price quotations may be the selling dealer or counterparty. In addition, certain provisions of the Code limit the use of derivative instruments. The use of derivatives are highly specialized activities that involve skills different from conducting ordinary portfolio securities transactions. There can be no assurance that the Adviser's or Sub-Adviser's use of derivative instruments will be advantageous to a Fund.

Regulatory Matters Regarding Forwards, Futures, Swaps and Options. The Trust has claimed an exclusion from the definition of the term “commodity pool operator” under the Commodity Exchange Act (“CEA”) with respect to the Funds and, therefore, is not subject to registration or regulation as a commodity pool operator under the CEA.

Transactions in futures and options by any of the Funds are subject to limitations established by futures and option exchanges governing the maximum number of futures and options that may be written or held by a single investor or group of investors acting in concert, regardless of whether the futures or options were written or purchased on the same or different exchanges or are held in one or more accounts or through one or more different exchanges or through one or more brokers. Thus the number of futures or options which a Fund may write or hold may be affected by futures or options written or held by other entities, including other investment companies advised by the Adviser or Sub-Adviser (or an adviser that is an affiliate of the Funds’ Adviser and Sub-Adviser). An exchange may order the liquidation of positions found to be in violation of those limits and may impose certain other sanctions.

Forward Contracts. A forward contract is an obligation to purchase or sell a specific security, currency or other instrument for an agreed price at a future date that is individually negotiated and privately traded by traders and their customers.

Futures Contracts. U.S. futures contracts are traded on organized exchanges regulated by the Commodity Futures Trading Commission. Transactions on such exchanges are cleared through a clearing corporation, which guarantees the performance of the parties to each contract.

There are several risks in connection with the use of futures by the Funds. One risk arises because of the imperfect correlation between movements in the price of futures and movements in the price of the instruments which are the subject of the hedge. The price of futures may move more than or less than the price of the instruments being hedged. If the price of futures moves less than the price of the instruments which are the subject of the hedge, the hedge will not be fully effective, but, if the price of the instruments being hedged has moved in an unfavorable direction, a Fund would be in a better position than if it had not hedged at all. If the price of the instruments being hedged has moved in a favorable direction, this advantage will be partially offset by the loss on the futures. If the price of the futures moves more than the price of the hedged instruments, the Fund involved will experience either a loss or gain on the futures which will not be completely offset by movements in the price of the instruments which are the subject of the hedge.

To compensate for the imperfect correlation of movements in the price of instruments being hedged and movements in the price of futures contracts, a Fund may buy or sell futures contracts in a greater dollar amount than the dollar amount of instruments being hedged if the volatility over a particular time period of the prices of such instruments has been greater than the volatility over such time period of the futures, or if otherwise deemed to be appropriate by the Adviser or Sub-Adviser. Conversely, the Funds may buy or sell fewer futures contracts if the volatility over a particular time period of the prices of the instruments being hedged is less than the volatility over such time period of the futures contract being used, or if otherwise deemed to be appropriate by the Adviser or Sub-Adviser. It is also possible that, when a Fund sells futures to hedge its portfolio against a decline in the market, the market may advance and the value of the futures instruments held in the Fund may decline.

Where futures are purchased to hedge against a possible increase in the price of securities before a Fund is able to invest its cash (or cash equivalents) in an orderly fashion, it is possible that the market may decline instead; if the Fund then concludes not to invest its cash at that time because of concern as to possible further market decline or for other reasons, the Fund will realize a loss on the futures contract that is not offset by a reduction in the price of the securities that were to be purchased.

With respect to futures contracts that are not contractually required to “cash-settle,” a Fund must cover its open positions by designating or segregating on its records cash or liquid assets equal to the contract’s full, notional value. With respect to futures that are contractually required to “cash-settle,” however, a Fund is permitted to designate cash or liquid assets in an amount equal to the Fund’s daily marked-to-market (net) obligation, if any (i.e., the Fund’s daily net liability) rather than the notional value. By designating assets equal to only its net obligation under cash-settled forwards or futures the Fund will have the ability to employ leverage to a greater extent than if the Fund were required to segregate assets equal to the full notional value of such contracts.

In addition to the possibility that there may be an imperfect correlation, or no correlation at all, between movements in the price of futures and the price of the instruments being hedged, the price of futures may not correlate perfectly with movement in the cash market due to certain market distortions. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions which could distort the normal relationship between the cash and futures markets. Second, with respect to financial futures contracts, the liquidity of the futures market depends on participants entering into offsetting transactions rather than making or taking delivery. To the extent participants decide to make or take delivery, liquidity in the futures market could be reduced, thus producing distortions. Third, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market may also cause temporary price distortions. Due to the possibility of price distortion in the futures market, and because of the imperfect correlation between the movements in the cash market and movements in the price of futures, a correct forecast of general market trends or interest rate movements by the Adviser or Sub-Adviser, as applicable, may still not result in a successful hedging transaction over a short time frame.

Positions in futures may be closed out only on an exchange or board of trade which provides a secondary market for such futures. Although the Funds intend to purchase or sell futures only on exchanges or boards of trade where there appear to be active secondary markets, there is no assurance that a liquid secondary market on any exchange or board of trade will exist for any particular contract or at any particular time. When there is no liquid market, it may not be possible to close a futures investment position, and in the event of adverse price movements, the Funds would continue to be required to make daily cash payments of variation margin. In such circumstances, an increase in the price of the securities, if any, may partially or completely offset losses on the futures contract. However, as described above, there is no guarantee that the price of the securities will in fact correlate with the price movements in the futures contract and thus provide an offset on a futures contract.

Further, it should be noted that the liquidity of a secondary market in a futures contract may be adversely affected by “daily price fluctuation limits” established by commodities exchanges which limit the amount of fluctuation in a futures contract price during a single trading day. Once the daily limit has been reached in the contract, no trades may be entered into at a price beyond the limit, thus preventing the liquidation of open futures positions. The trading of futures contracts is also subject to the risk of trading halts, suspensions, exchange or clearing house equipment failures, government intervention, insolvency of a brokerage firm or clearing house or other disruptions of normal activity, which could at times make it difficult or impossible to liquidate existing positions or to recover equity.

Successful use of futures to hedge portfolio securities protects against adverse market movements but also reduces potential gain. For example, if a particular Fund has hedged against the possibility of a decline in the market adversely affecting securities held by it and securities prices increase instead, the Fund will lose part or all of the benefit to the increased value of its securities which it has hedged because it will have offsetting losses in its futures positions. In addition, in such situations, if the Fund has insufficient cash, it may have to sell securities to meet daily variation margin requirements. Such sales of securities may be, but will not necessarily be, at increased prices which reflect the rising market. The Funds may have to sell securities at a time when it may be disadvantageous to do so.

Stock Index Futures. A Fund may invest in stock index futures. A stock index assigns relative values to the common stocks included in the index and fluctuates with the changes in the market value of those stocks.

Stock index futures are contracts based on the future value of the basket of securities that comprise the underlying stock index. The contracts obligate the seller to deliver and the purchaser to take cash to settle the futures transaction or to enter into an obligation contract. No physical delivery of the securities underlying the index is made on settling the futures obligation. No monetary amount is paid or received by a Fund on the purchase or sale of a stock index future. At any time prior to the expiration of the future, a Fund may elect to close out its position by taking an opposite position, at which time a final determination of variation margin (as described below) is made and additional cash is required to be paid by or released to the Fund. Any gain or loss is then realized by the Fund on the future for tax purposes. Although stock index futures by their terms call for settlement by the delivery of cash, in most cases the settlement obligation is fulfilled without such delivery by entering into an offsetting transaction. All futures transactions are effected through a clearing house associated with the exchange on which the contracts are traded.

Futures Contracts on Securities. The Funds may purchase and sell futures contracts on securities. A futures contract sale creates an obligation by a Fund, as seller, to deliver the specific type of financial instrument called for in the contract at a specific future time for a specified price. A futures contract purchase creates an obligation by the Fund, as purchaser, to take delivery of the specific type of financial instrument at a specific future time at a specific price. The specific securities delivered or taken, respectively, at settlement date, would not be determined until or near that date. The determination would be in accordance with the rules of the exchange on which the futures contract sale or purchase was made.

Although futures contracts on securities by their terms call for actual delivery or acceptance of securities, in most cases the contracts are closed out before the settlement date without making or taking delivery of securities. A Fund may close out a futures contract sale by entering into a futures contract purchase for the same aggregate amount of the specific type of financial instrument and the same delivery date. If the price of the sale exceeds the price of the offsetting purchase, the Fund is immediately paid the difference and thus realizes a gain. If the offsetting purchase price exceeds the sale price, the Fund pays the difference and realizes a loss. Similarly, a Fund may close out of a futures contract purchase by entering into a futures contract sale. If the offsetting sale price exceeds the purchase price, the Fund realizes a gain, and if the purchase price exceeds the offsetting sale price, the Fund realizes a loss. Accounting for futures contracts will be in accordance with generally accepted accounting principles.

Margin Deposits and Cover Requirements for Futures Contracts. Unlike the purchase or sale of portfolio securities, no price is paid or received by a Fund upon the purchase or sale of a futures contract. Initially, the Fund will be required to deposit with the broker an amount of cash or cash equivalents, known as initial margin, based on the value of the contract. The nature of initial margin in futures transactions is different from that of margin in securities transactions in that futures contract margin does not involve the borrowing of funds by the customer to finance the transactions. Rather, the initial margin is in the nature of a performance bond or good faith deposit on the contract which is returned to the Fund upon termination of the futures contract, assuming all contractual obligations have been satisfied. Subsequent payments, called variation margin, to and from the broker, will be made on a daily basis as the price of the underlying instruments fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as “marking to the market.” For example, when a Fund has purchased a futures contract and the price of the contract has risen in response to a rise in the price of the underlying instruments, that position will have increased in value and the Fund will be entitled to receive from the broker a variation margin payment equal to that increase in value. Conversely, where the Fund has purchased a futures contract and the price of the futures contract has declined in response to a decrease in the underlying instruments, the position would be less valuable and the Fund would be required to make a variation margin payment to the broker. At any time prior to expiration of the futures contract, the Adviser or Sub-Adviser may elect to close the position by taking an opposite position, subject to the availability of a secondary market, which will operate to terminate the Fund’s position in the futures contract. A final determination of variation margin is then made, additional cash is required to be paid by or released to the Fund, and the Fund realizes a loss or gain.

When entering into a futures contract that must be cash settled, a Fund will cover (and mark-to-market on a daily basis) liquid assets that, when added to the amounts deposited with a futures commission merchant as margin, are equal to the market value of the futures contract. When entering into a futures contract that does not need to be settled in cash, a Fund will maintain with its custodian (and mark to market on a daily basis) liquid assets that, when added to the amounts deposited with a futures commission merchant as margin, are equal to the full notional value of the contract. Alternatively, the Fund may “cover” its position by purchasing an option on the same futures contract with a strike price as high or higher than the price of the contract held by the Fund.

Swap Agreements. A Fund may enter into interest rate, total return, equity and other swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease a Fund’s exposure to long- or short-term interest rates (in the United States or abroad), foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices or inflation rates. Swap agreements can take many different forms and are known by a variety of names.

Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than one year. In a standard “swap” transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments. The gross

returns to be exchanged or “swapped” between the parties are calculated with respect to a “notional amount,” i.e., the return on or increase in value of a particular dollar amount invested at a particular interest rate, in a particular foreign currency, or in a “basket” of securities representing a particular index. The “notional amount” of the swap agreement is only a fictive basis on which to calculate the obligations that the parties to a swap agreement have agreed to exchange.

Most swap agreements entered into by a Fund would calculate the obligations of the parties to the agreements on a “net” basis. Consequently, a Fund’s obligations (or rights) under a swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the “net amount”). A Fund’s obligations under a swap agreement will be accrued daily (offset against any amounts owing to the Fund) and any accrued but unpaid net amounts owed to a swap counterparty will be covered by the maintenance of liquid assets in accordance with SEC staff positions on the subject.

Forms of swap agreements also include cap, floor and collar agreements. In a typical cap or floor agreement, one party agrees to make payments only under specified circumstances, usually in return for payment of a fee by the other party. For example, the buyer of an interest rate cap obtains the right to receive payments to the extent that a specified interest rate exceeds an agreed-upon level, while the seller of an interest rate floor is obligated to make payments to the extent that a specified interest rate falls below an agreed-upon level. An interest rate collar combines elements of buying a cap and selling a floor.

Swap agreements will tend to shift a Fund’s investment exposure from one type of investment to another. For example, if a Fund agreed to pay fixed rates in exchange for floating rates while holding fixed-rate bonds, the swap would tend to decrease the Fund’s exposure to long-term interest rates. Caps and floors have an effect similar to buying or writing options. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Fund’s investments and its share price and yield. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, or other factors that determine the amounts of payments due to and from a Fund. If a swap agreement calls for payments by a Fund, the Fund must be prepared to make such payments when due.

A Fund’s use of swap agreements may not be successful in furthering its investment objective, as the Adviser or Sub-Adviser, as appropriate, may not accurately predict whether certain types of investments are likely to produce greater returns than other investments. Because they are two party contracts and because they may have terms of greater than seven days, swap agreements may be considered to be illiquid. If such instruments are determined to be illiquid, then a Fund will limit its investment in these instruments subject to its limitation on investments in illiquid securities. Moreover, a Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. Certain restrictions imposed on the Funds by the Code may limit each of the Funds’ ability to use swap agreements. A Fund may be able to eliminate its exposure under a swap agreement either by assignment or other disposition, or by entering into an offsetting swap agreement with the same party or a similarly creditworthy party. The swaps market is a relatively new market and is largely unregulated. It is possible that developments in the swaps market, including potential government regulation, could adversely affect a Fund’s ability to terminate existing swap agreements or to realize amounts to be received under such agreements.

Equity Swaps. An equity swap is a two-party contract that generally obligates one party to pay the positive return and the other party to pay the negative return on a specified reference security, basket of securities, security index or index component (“asset”) during the period of the swap. The payments based on the reference asset may be adjusted for transaction costs, interest payments, the amount of dividends paid on the referenced asset or other economic factors.

Equity swap contracts may be structured in different ways. For example, when a Fund takes a long position, the counterparty may agree to pay the Fund the amount, if any, by which the notional amount of the equity swap would have increased in value had it been invested in a particular stock (or group of stocks), plus the dividends that would have been received on the stock. In these cases, the Fund may agree to pay to the counterparty interest on the notional amount of the equity swap plus the amount, if any, by which that notional amount would have decreased in value had it been invested in such stock.

Therefore, in this case the return to the Fund on the equity swap should be the gain or loss on the notional amount plus dividends on the stock less the interest paid by the Fund on the notional amount. In other cases, when the Fund takes a short position, a counterparty may agree to pay the Fund the amount, if any, by which the notional amount of the equity swap would have decreased in value had the Fund sold a particular stock (or group of stocks) short, less the dividend expense that the Fund would have paid on the stock, as adjusted for interest payments or other economic factors. In these situations, the Fund may be obligated to pay the amount, if any, by which the notional amount of the swap would have increased in value had it been invested in such stock.

Equity swaps normally do not involve the delivery of securities or other underlying assets. Accordingly, the risk of loss with respect to equity swaps is normally limited to the net amount of payments that a Fund is contractually obligated to make. If the other party to an equity swap defaults, a Fund's risk of loss consists of the net amount of payments that such Fund is contractually entitled to receive, if any. Inasmuch as these transactions are offset by segregated cash or liquid assets to cover each of the Funds' current obligations (or are otherwise covered as permitted by applicable law), the Funds and the Adviser and Sub-Adviser believe that these transactions do not constitute senior securities under the Act.

Equity swaps are derivatives and their value can be very volatile. To the extent that the Adviser or Sub-Adviser, as applicable, does not accurately analyze and predict future market trends, the values of assets or economic factors, a Fund may suffer a loss, which may be substantial. The swap markets in which many types of swap transactions are traded have grown substantially in recent years, with a large number of banks and investment banking firms acting both as principals and as agents. As a result, the markets for certain types of swaps have become relatively liquid.

Total Return and Interest Rate Swaps. In a total return swap, the buyer receives a periodic return equal to the total return of a specified security, securities or index, for a specified period of time. In return, the buyer pays the counterparty a variable stream of payments, typically based upon short term interest rates, possibly plus or minus an agreed upon spread.

Interest rate swaps are financial instruments that involve the exchange of one type of interest rate for another type of interest rate cash flow on specified dates in the future. Some of the different types of interest rate swaps are "fixed-for floating rate swaps," "termed basis swaps" and "index amortizing swaps." Fixed-for floating rate swaps involve the exchange of fixed interest rate cash flows for floating rate cash flows. Termed basis swaps entail cash flows to both parties based on floating interest rates, where the interest rate indices are different. Index amortizing swaps are typically fixed-for floating swaps where the notional amount changes if certain conditions are met. Like a traditional investment in a debt security, a Fund could lose money by investing in an interest rate swap if interest rates change adversely. For example, if a Fund enters into a swap where it agrees to exchange a floating rate of interest for a fixed rate of interest, the Fund may have to pay more money than it receives. Similarly, if a Fund enters into a swap where it agrees to exchange a fixed rate of interest for a floating rate of interest, the Fund may receive less money than it has agreed to pay.

Interest rate and total return swaps entered into in which payments are not netted may entail greater risk than a swap entered into a net basis. If there is a default by the other party to such a transaction, the Fund will have contractual remedies pursuant to the agreements related to the transaction.

Writing Call Options. A Fund may write covered calls. When a Fund writes a call on an investment, it receives a premium and agrees to sell the callable investment to a purchaser of a corresponding call during the call period (usually not more than nine months) at a fixed exercise price (which may differ from the market price of the underlying investment) regardless of market price changes during the call period. The call may be exercised at any time during the call period. To terminate its obligation on a call it has written, a Fund may purchase a corresponding call in a “closing purchase transaction.” A profit or loss will be realized, depending upon whether the net of the amount of option transaction costs and the premium received on the call a Fund has written is more or less than the price of the call such Fund subsequently purchased. A profit may also be realized if the call lapses unexercised because the Fund retains the underlying investment and the premium received. If a Fund could not effect a closing purchase transaction due to the lack of a market, it would have to hold the callable investment until the call lapsed or was exercised.

A Fund may also write calls on futures without owning a futures contract on deliverable securities, provided that at the time the call is written, the Fund covers the call with an equivalent dollar value of deliverable securities or liquid assets. Each Fund will cover with additional liquid assets if the value of the escrowed assets drops below 100% of the current value of the future. In no circumstances would an exercise notice as to a future put a Fund in a short futures position.

Writing Put Options. A put option on a security gives the purchaser the right to sell, and the writer the obligation to buy, the underlying investment at the exercise price during the option period. The put may be exercised at any time during the option period. The premium a Fund receives from writing a put option represents a profit, as long as the price of the underlying investment remains above the exercise price. However, the Fund has also assumed the obligation during the option period to buy the underlying investment from the buyer of the put at the exercise price, even though the value of the investment may fall below the exercise price. If the put expires unexercised, the Fund (as the writer of the put) realizes a gain in the amount of the premium less transaction costs. If the put is exercised, the Fund must fulfill its obligation to purchase the underlying investment at the exercise price, which will usually exceed the market value of the investment at that time. In that case, the Fund may incur a loss, equal to the sum of the sale price of the underlying investment and the premium received minus the sum of the exercise price and any transaction costs incurred.

When writing put options on securities, to secure its obligation to pay for the underlying security, a Fund will cover with liquid assets with a value equal to or greater than the exercise price of the underlying securities. A Fund therefore may have to forego certain opportunities to invest the assets used to cover the obligation. As long as the obligation of the Fund as the put writer continues, it may be assigned an exercise notice by the exchange or broker-dealer through whom such option was sold, requiring the Fund to exchange currency at the specified rate of exchange (in the context of puts on currencies) or to take delivery of the underlying security against payment of the exercise price. A Fund may have no control over when it may be required to purchase the underlying security, since it may be assigned an exercise notice at any time prior to the termination of its obligation as the writer of the put. This obligation terminates upon expiration of the put, or such earlier time at which the Fund effects a closing purchase transaction by purchasing a put of the same series as that previously sold. Once the Fund has been assigned an exercise notice, it is thereafter not allowed to effect a closing purchase transaction.

A Fund may effect a closing purchase transaction to realize a profit on an outstanding put option it has written or to prevent an underlying security from being put. Furthermore, effecting such a closing purchase transaction will permit the Fund to write another put option to the extent that the exercise price thereof is secured by the deposited assets, or to utilize the proceeds from the sale of such assets for other investments by that Fund. The Fund will realize a profit or loss from a closing purchase transaction if the cost of the transaction is less or more than the premium received from writing the option.

Purchasing Puts and Calls. A Fund may purchase calls to protect against the possibility that the Fund's portfolio will not participate in an anticipated rise in the securities market. When a Fund purchases a call (other than in a closing purchase transaction), it pays a premium and, except as to calls on stock indices, has the right to buy the underlying investment from a seller of a corresponding call on the same investment during the call period at a fixed exercise price. In purchasing a call, a Fund benefits only if the call is sold at a profit or if, during the call period, the market price of the underlying investment is above the sum of the exercise price, transaction costs, and the premium paid, and the call is exercised. If the call is not exercised or sold (whether or not at a profit), it will become worthless

at its expiration date and the Fund will lose its premium payment and the right to purchase the underlying investment. When a Fund purchases a call on a stock index, it pays a premium, but settlement is in cash rather than by delivery of the underlying investment to the Fund.

When a Fund purchases a put, it pays a premium and, except as to puts on stock indices, has the right to sell the underlying investment to a seller of a corresponding put on the same investment during the put period at a fixed exercise price. Buying a put on an investment a Fund owns (a “protective put”) enables that Fund to attempt to protect itself during the put period against a decline in the value of the underlying investment below the exercise price by selling the underlying investment at the exercise price to a seller of a corresponding put. If the market price of the underlying investment is equal to or above the exercise price and, as a result, the put is not exercised or resold, the put will become worthless at its expiration and the Fund will lose the premium payment and the right to sell the underlying investment. However, the put may be sold prior to expiration (whether or not at a profit).

Puts and calls on broadly-based stock indices or stock index futures are similar to puts and calls on securities or futures contracts except that all settlements are in cash and gain or loss depends on changes in the index in question (and thus on price movements in the stock market generally) rather than on price movements of individual securities or futures contracts. When a Fund buys a call on a stock index or stock index future, it pays a premium. If a Fund exercises the call during the call period, a seller of a corresponding call on the same investment will pay the Fund an amount of cash to settle the call if the closing level of the stock index or stock index future upon which the call is based is greater than the exercise price of the call. That cash payment is equal to the difference between the closing price of the call and the exercise price of the call times a specified multiple (the “multiplier”) which determines the total dollar value for each point of difference. When a Fund buys a put on a stock index or stock index future, it pays a premium and has the right during the put period to require a seller of a corresponding put, upon the Fund’s exercise of its put, to deliver cash to the Fund to settle the put if the closing level of the stock index or stock index future upon which the put is based is less than the exercise price of the put. That cash payment is determined by the multiplier, in the same manner as described above as to calls.

When a Fund purchases a put on a stock index, or on a stock index future not owned by it, the put protects the Fund to the extent that the index moves in a similar pattern to the securities the Fund holds. The Fund can either resell the put or, in the case of a put on a stock index future, buy the underlying investment and sell it at the exercise price. The resale price of the put will vary inversely with the price of the underlying investment. If the market price of the underlying investment is above the exercise price, and as a result the put is not exercised, the put will become worthless on the expiration date. In the event of a decline in price of the underlying investment, the Fund could exercise or sell the put at a profit to attempt to offset some or all of its loss on its portfolio securities.

Options on Futures Contracts. Investments in options on futures contracts involve some of the same considerations that are involved in connection with investments in future contracts (for example, the existence of a liquid secondary market). In addition, the purchase or sale of an option also entails the risk that changes in the value of the underlying futures contract will not correspond to changes in the value of the option purchased. Depending on the pricing of the option compared to either the futures contract upon which it is based, or upon the price of the securities being hedged, an option may or may not be less risky than ownership of the futures contract or such securities. In general, the market prices of options can be expected to be more volatile than the market prices on underlying futures contract. Compared to the purchase or sale of futures contracts, however, the purchase of call or put options on futures contracts may frequently involve less potential risk to the Fund because the maximum amount at risk is the premium paid for the options (plus transaction costs).

Privately Negotiated Options. A Fund may also invest in privately negotiated option contracts (each a “Private Option”). Generally, an option buyer negotiates with a bank or investment bank to buy a Private Option with contract terms that are more flexible than standardized exchange traded options. Under a Private Option contract, the buyer generally controls the length of the contract, the notional amount, and the asset or basket of securities comprising the reference portfolio that determines the value of the Private Option.

Private Options will generally have a term ranging from 12 to 60 months. A Fund may buy Private Options that will be based on an asset or a basket of securities (the “Basket”) selected by the Adviser or Sub-Adviser in accord with a Fund’s investment objective and approved by the counterparty (the “Counterparty”). The Basket may be comprised of securities that include common and preferred stock, government and private issuer debt (including convertible

and non-convertible debt), options and futures contracts, limited partnership interests (including so-called “hedge funds”) and shares of registered investment companies. During the term of a Private Option, the Adviser or Sub-Adviser expects to have a limited right to modify the notional amount of the Private Option and the assets that comprise the Basket.

As with more traditional options, a Private Option will allow for the use of economic leverage without incurring risk beyond the amount of premium and related fees (the “Premium”) paid for the Private Option. The Private Option will be structured so that it allows a Fund to benefit from an increase in the value of the Basket without owning the assets that comprise the Basket. Upon a decline in the value of the Basket, a Fund may lose all or a portion of the premium paid for the Private Option. A Fund’s gain or loss may be magnified by writing the Private Option with reference to a much larger notional amount of the Basket than the Premium being paid by the Fund.

Upon the termination or expiration of a Private Option, a Fund will be entitled to receive from the Counterparty a cash payment (the “Settlement Price”), which is based on the change in value of the Basket serving as a benchmark for that Private Option. In no event will a Fund have the right to acquire the assets that comprise the Basket. The Settlement Price may reflect deductions for fees and an interest-equivalent amount payable to the Counterparty for establishing the Private Option. The Settlement Price will typically be payable to a Fund within a specified number of business days after termination or expiration of the Private Option. Any Private Option that does not require payment of the Settlement Price within seven calendar days after termination or expiration or that cannot be terminated by a Fund at any time will be treated as an illiquid asset.

The Counterparty will generally have the right to terminate a Private Option at any time prior to maturity. If the Basket does not sufficiently increase in value prior to termination or expiration, a Fund may still suffer losses even though the Basket increased in value because of fees and interest-equivalent amounts payable to the Counterparty or because the increase in value of the Basket has been insufficient to trigger a position settlement value.

The Counterparty to each Private Option will be a bank, financial institution, or an entity that is affiliated with either a bank or a financial institution with significant experience in the field of alternative investments. Each Counterparty will be one determined by the Adviser or Sub-Adviser to be creditworthy and approved by the Funds’ Board, including a majority of the Independent Directors. Neither the Adviser, the Sub-Adviser, nor the Funds will have any control over any hedging or similar techniques used by the Counterparty to attempt to ensure the Counterparty’s ability to perform under each Private Option. Likewise, neither the Adviser, the Sub-Adviser, nor the Funds will have any claim on securities or other property, if any, which may be purchased by the Counterparty in connection with the Private Option. Should the Counterparty be unable to perform its obligations under a Private Option, then the Company could lose all or a portion of the Premium and the gain, if any, relating to such Private Option.

Additional Information Regarding Options. The Funds’ Custodian or a securities depository acting for the Custodian, will act as the Funds’ escrow agent, through the facilities of Options Clearing Corporation (“OCC”), as to the investments on which the Funds have written options traded on exchanges or as to other acceptable escrow securities, so that no margin will be required for such transactions. OCC will release the securities on the expiration of the option or upon the Funds’ entering into a closing transaction. An option position may be closed out only on a market, which provides secondary trading for options of the same series, and there is no assurance that a liquid secondary market will exist for any particular option.

When a Fund writes an over-the-counter (“OTC”) option, it will enter into an arrangement with a primary U.S. Government securities dealer, which would establish a formula price at which such Fund would have the absolute right to purchase that OTC option.

A Fund’s option activities may affect its turnover rate and brokerage commissions. The exercise by a Fund of puts on securities will cause the sale of related investments, increasing portfolio turnover. Although such exercise is within a Fund’s control, holding a put might cause a Fund to sell the related investments for reasons which would not exist in the absence of the put. Each Fund will pay a brokerage commission each time it buys a put or call, sells a call, or buys or sells an underlying investment in connection with the exercise of a put or call. Such commissions may be higher than those which would apply to direct purchases or sales of such underlying investments. Premiums paid for options are small in relation to the market value of the related investments, and consequently, put and call options offer large amounts of leverage. The leverage offered by trading options could result in a Fund’s net asset value being more sensitive to changes in the value of the underlying investments.

Hybrid Instruments. A hybrid instrument can combine the characteristics of securities, futures, and options. For example, the principal amount or interest rate of a hybrid instrument could be tied (positively or negatively) to the price of some currency or securities index or another interest rate (each a “benchmark”). The interest rate or the principal amount payable at maturity of a hybrid security may be increased or decreased, depending on changes in the value of the benchmark.

Hybrids can be used as an efficient means of pursuing a variety of investment strategies, including currency hedging, duration management, and increased total return. Hybrids may not bear interest or pay dividends. The value of a hybrid or its interest rate may be a multiple of a benchmark and, as a result, may be leveraged and move (up or down) more steeply and rapidly than the benchmark. These benchmarks may be sensitive to economic and political events, such as currency devaluations, which cannot be readily foreseen by the purchaser of a hybrid. Under certain conditions, the redemption value of a hybrid could be zero. Thus, an investment in a hybrid may entail significant market risks that are not associated with a similar investment in a traditional, U.S. dollar-denominated bond that has a fixed principal amount and pays a fixed rate or floating rate of interest. The purchase of hybrids also exposes a Fund to the credit risk of the issuer of the hybrids. These risks may cause significant fluctuations in the net asset value of a Fund.

Combined Transactions. A Fund may enter into multiple transactions, including multiple options transactions, multiple futures transactions, multiple currency transactions including forward currency contracts and multiple interest rate transactions, and any combination of futures, options, currency and interest rate transactions (“component transactions”), instead of a single transaction, as part of a single or combined strategy when, in the opinion of the Adviser or Sub-Adviser, it is in the best interests of a Fund to do so. A combined transaction will usually contain elements of risk that are present in each of its component transactions. Although combined transactions are normally entered into based on the Adviser or Sub-Adviser’s judgment that the combined strategies will reduce risk or otherwise more effectively achieve the desired portfolio management goal, it is possible that the combination will instead increase such risks or hinder achievement of the portfolio management objective.

Illiquid Securities

As a non-fundamental investment policy, a Fund may not purchase a security if, as a result, more than 15% of its net assets would be invested in illiquid securities. If, after the time of acquisition, events cause this limit to be exceeded, the Fund will take steps to reduce the aggregate amount of illiquid securities as soon as reasonably practicable in accordance with SEC and SEC staff guidance.

Over-the-counter options, repurchase agreements not entitling the holder to payment of principal in seven days, and certain “restricted securities” may be illiquid. A security is restricted if it is subject to contractual or legal restrictions on resale to the general public. A liquid institutional market has developed, however, for certain restricted securities such as repurchase agreements, commercial paper, foreign securities and corporate bonds and notes. Thus, restrictions on resale do not necessarily indicate a lack of liquidity for the security. For example, if a restricted security may be sold to certain institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended (the “1933 Act”), or another exemption from registration under such Act, the Adviser or Sub-Adviser may determine that the security is liquid under guidelines adopted by the Board of Trustees. These guidelines take into account trading activity in the securities and the availability of reliable pricing information, among other factors. With other restricted securities, however, there can be no assurance that a liquid market will exist for the security at any particular time. A Fund might not be able to dispose of such securities promptly or at reasonable prices and might thereby experience difficulty satisfying redemptions. The Fund treats such holdings as illiquid.

To enable the Funds to sell restricted securities not registered under the 1933 Act, the Funds may have to cause those securities to be registered. The expenses of registration of restricted securities may be negotiated by a Fund with the issuer at the time such securities are purchased by such Fund, if such registration is required before such securities may be sold publicly. Securities having contractual restrictions on their resale might limit a Fund’s ability to dispose of such securities and might lower the amount realizable upon the sale of such securities.

Loans of Portfolio Securities

To attempt to increase its income or total return, a Fund may lend its portfolio securities to certain types of eligible borrowers. Each loan will be secured continuously by collateral in the form of cash, high quality money market instruments or securities issued by the U.S. government or its agencies or instrumentalities. Collateral will be received and maintained by the Fund's custodian concurrent with delivery of the loaned securities and kept in a segregated account or designated on the records of the custodian for the benefit of the Fund. Initial collateral will have a market value at least equal to 105% of the then-current market value of loaned equity securities not denominated in U.S. dollars or Canadian dollars or not primarily traded on a U.S. exchange, or 102% of the then-current market value of any other loaned securities. For all loaned foreign equity securities, the borrower must increase the collateral on a daily basis if the then-current market value of the collateral becomes insufficient to meet the minimum required collateral level for the type of loaned security as specified above. For all other loaned securities, the borrower must increase the collateral only when the market value of the collateral is less than 100% of the then-current market value of the loaned securities. The borrower pays to the lending Fund an amount equal to any dividends or interest received on loaned securities. The Fund retains all or a portion of the interest received on investment of cash collateral and/or receives a fee from the borrower; however, the lending Fund will generally pay certain administrative and custodial fees in connection with each loan.

The Fund has a right to call a loan at any time and require the borrower to redeliver the borrowed securities to the Fund within the settlement time specified in the loan agreement or be subject to a "buy in". The Fund will generally not have the right to vote securities while they are being loaned, but it is expected that the Adviser or Sub-Adviser, as applicable, will call a loan in anticipation of any important vote.

The risk in lending portfolio securities, as with other extensions of credit, consists of the possibility of loss to the Fund due to (i) the inability of the borrower to return the securities, (ii) a delay in receiving additional collateral to adequately cover any fluctuations in the value of securities on loan, (iii) a delay in recovery of the securities, or (iv) the loss of rights in the collateral should the borrower fail financially. In addition, the Fund is responsible for any loss that might result from its investment of the borrower's collateral.

Securities lending will be conducted by a securities lending agent approved by the Trust's Board of Trustees. The securities lending agent maintains a list of broker-dealers, banks or other institutions that it has determined to be creditworthy. The Fund will only enter into loan arrangements with borrowers on the approved list.

Repurchase Agreements

A Fund may acquire securities subject to repurchase agreements. In a repurchase transaction, a Fund acquires a security from, and simultaneously agrees to resell it to, an approved vendor. An "approved vendor" is a U.S. commercial bank or the U.S. branch of a foreign bank or a broker-dealer that has been designated a primary dealer in government securities that meets the Trust's credit requirements. The resale price exceeds the purchase price by an amount that reflects an agreed-upon interest rate effective for the period during which the repurchase agreement is in effect. If the vendor fails to pay the resale price on the delivery date, the Fund may incur costs in disposing of the collateral and may experience losses if there is any delay in its ability to do so. The majority of these transactions run from day to day, and delivery pursuant to the resale typically will occur within one to five days of the purchase. Repurchase agreements are considered "loans" under the 1940 Act, collateralized by the underlying security. There is no limit on the amount of a Fund's net assets that may be subject to repurchase agreements of seven days or less. Repurchase agreements with a maturity beyond seven days are subject to a Fund's limitations on investments in illiquid securities.

Rights and Warrants

Warrants essentially are options to purchase equity securities at specific prices valid for a specific period of time. Their prices do not necessarily move parallel to the prices of the underlying securities. Investments in warrants involve certain risks, including the possible lack of a liquid market for the resale of the warrants, potential price fluctuations as a result of speculation or other factors, and failure of the price of the underlying security to reach a level at which the warrant can be prudently exercised (in which case the warrant may expire without being exercised, resulting in the loss of a Fund's entire investment therein).

Rights are similar to warrants, but normally have a short duration and are distributed directly by the issuer to its shareholders. Rights and warrants have no voting rights, receive no dividends, and have no rights with respect to the assets of the issuer.

Securities of Other Investment Companies

A Fund may invest in shares of other investment companies, including ETFs and closed-end investment companies, to the extent permitted by the 1940 Act. To the extent a Fund invests in shares of an investment company, it will bear its pro rata share of the other investment company's expenses, such as investment advisory and distribution fees and operating expenses.

Short Sales

A Fund may engage in short sales, including short sales against the box. Short sales (other than against the box) are transactions in which a Fund sells a security it does not own in anticipation of a decline in the market value of that security. A short sale against the box is a short sale where at the time of the sale, the Fund owns or has the right to obtain securities equivalent in kind and amounts. To complete a short sale transaction, the Fund must borrow the security to make delivery to the buyer. The Fund then is obligated to replace the security borrowed by purchasing it at the market price at the time of replacement. The price at such time may be more or less than the price at which the security was sold by the Fund. Until the security is replaced, the Fund is required to pay to the lender amounts equal to any interest or dividends which accrue during the period of the loan. To borrow the security, the Fund also may be required to pay a premium, which would increase the cost of the security sold. There will also be other costs associated with short sales.

The Fund will incur a loss as a result of the short sale if the price of the security increases between the date of the short sale and the date on which the Fund replaces the borrowed security. Unlike taking a long position in a security by purchasing the security, where potential losses are limited to the purchase price, short sales have no cap on maximum loss. The Fund will realize a gain if the security declines in price between those dates. This result is the opposite of what one would expect from a cash purchase of a long position in a security.

Until the Fund replaces a borrowed security in connection with a short sale, the Fund will (a) designate on its records as collateral cash or liquid assets at such a level that the designated assets plus any amount deposited with the broker as collateral will equal the current value of the security sold short or (b) otherwise cover its short position in accordance with applicable law. The amount designated on the Fund's records will be marked to market daily and at no time will the sum of the amount so designated and the amount deposited with the broker as collateral be less than the market value of the securities at the time they were sold short. This may limit the Fund's investment flexibility, as well as its ability to meet redemption requests or other current obligations.

There is no guarantee that the Fund will be able to close out a short position at any particular time or at an acceptable price. During the time that the Fund is short a security, it is subject to the risk that the lender of the security will terminate the loan at a time when the Fund is unable to borrow the same security from another lender. If that occurs, the Fund may be "bought in" at the price required to purchase the security needed to close out the short position, which may be a disadvantageous price. Thus, there is a risk that a Fund may be unable to fully implement its investment strategy due to a lack of available stocks or for some other reason. It is possible that the market value of the securities a Fund holds in long positions will decline at the same time that the market value of the securities a Fund has sold short increases, thereby increasing a Fund potential volatility. Short sales also involve other costs. The Fund must normally repay to the lender an amount equal to any dividends or interest that accrues while the loan is outstanding. In addition, to borrow the security, the Fund may be required to pay a premium. The Fund also will incur transaction costs in effecting short sales. The amount of any ultimate gain for the Fund resulting from a short sale will be decreased, and the amount of any ultimate loss will be increased, by the amount of premiums, dividends, interest or expenses the Fund may be required to pay in connection with the short sale.

In addition to the short sales discussed above, the Fund may make short sales "against the box," a transaction in which the Fund enters into a short sale of a security that the Fund owns or has the right to obtain at no additional cost. The Fund does not immediately deliver the securities sold and is said to have a short position in those securities until delivery occurs. If the Fund effects a short sale of securities against the box at a time when it has an

unrealized gain on the securities, it may be required to recognize that gain as if it had actually sold the securities (as a “constructive sale”) on the date it effects the short sale. However, such constructive sale treatment may not apply if the Fund closes out the short sale with securities other than the appreciated securities held at the time of the short sale and if certain other conditions are satisfied.

Structured Notes

Structured Notes are derivative debt securities, the interest rate or principal of which is determined by an unrelated indicator. A structured note may be positively, negatively or both positively and negatively indexed; that is, its value or interest rate may increase or decrease if the value of the reference instrument increases. Similarly, its value may increase or decrease if the value of the reference instrument decreases. Further, the change in the principal amount payable with respect to, or the interest rate of, a structured note may be a multiple of the percentage change (positive or negative) in the value of the underlying reference instrument(s). Structured or indexed securities may also be more volatile, less liquid, and more difficult to accurately price than less complex securities or more traditional debt securities.

When-Issued Securities

A Fund may take advantage of offerings of eligible portfolio securities on a “when-issued” basis where delivery of and payment for such securities takes place sometime after the transaction date on terms established on such date. A Fund will only make when-issued commitments on eligible securities with the intention of actually acquiring the securities. During the period between the purchase and settlement, the underlying securities are subject to market fluctuations and no interest accrues prior to delivery of the securities. If a Fund chooses to dispose of the right to acquire a when-issued security prior to its acquisition, it could, as with the disposition of any other portfolio obligation, incur a gain or loss due to market fluctuation.

U.S. Government Securities

U.S. Treasury obligations are backed by the full faith and credit of the United States. Obligations of U.S. Government agencies or instrumentalities (including certain types of mortgage-backed securities) may or may not be guaranteed or supported by the “full faith and credit” of the United States. Some are backed by the right of the issuer to borrow from the U.S. Treasury; others are supported by discretionary authority of the U.S. Government to purchase the agencies’ obligations; while still others are supported only by the credit of the instrumentality. If the securities are not backed by the full faith and credit of the United States, the owner of the securities must look principally to the agency issuing the obligation for repayment and may not be able to assert a claim against the United States in the event that the agency of instrumentality does not meet its commitment.

FUNDAMENTAL POLICIES

The Funds’ policies set forth below are fundamental policies of each Fund; i.e., they may not be changed with respect to a Fund without shareholder approval. Shareholder approval means approval by the lesser of (1) more than 50% of the outstanding voting securities of the Fund, or (2) 67% or more of the voting securities present at a meeting if the holders of more than 50% of the outstanding voting securities of the Fund are present or represented by proxy. Except for those investment policies of a Fund specifically identified as fundamental in the Prospectus and this SAI, the Funds’ investment objectives as described in the Prospectus, and all other investment policies and practices described in the Prospectus and this SAI may be changed by the Trust’ s Board of Trustees without the approval of shareholders.

Unless otherwise indicated, all of the percentage limitations below, and in the investment restrictions recited in the Prospectus, apply to each Fund on an individual basis, and apply only at the time a transaction is entered into.

EACH FUND

1. Shall be a “diversified company” as that term is defined in the 1940 Act, as interpreted or modified by regulatory authorities having jurisdiction, from time to time.

2. May borrow money to the extent permitted under the 1940 Act, as interpreted or modified by regulatory authorities having jurisdiction, from time to time.
3. May not concentrate its investments in a particular industry or group of industries, except as permitted under the 1940 Act, as interpreted or modified by regulatory authorities having jurisdiction, from time to time, provided that, without limiting the generality of the foregoing, this limitation will not apply to a Fund's investments in: (i) securities of other investment companies; (ii) securities issued or guaranteed as to principal and/or interest by the U.S. government, its agencies or instrumentalities; or (iii) repurchase agreements (collateralized by the instruments described in Clause (ii)).

For the purposes of this policy, each Fund may use the industry classifications provided by Bloomberg, L.P., the Morgan Stanley Capital International/Standard & Poor's Global Industry Classification Standard ("GICS") or any other reasonable industry classification system. Wholly-owned finance companies will be considered to be in the industries of their parents if their activities are primarily related to financing the activities of the parents. Utilities will be divided according to their services, for example, gas, gas transmission, electric and gas, electric and telephone will each be considered a separate industry.

4. May not purchase or sell real estate or any interest therein, other than as may be acquired as a result of ownership of securities or other instruments and provided that the Fund shall not be prevented from investing in securities backed by real estate or securities of companies engaged in the real estate business.
5. May not purchase physical commodities or contracts relating to physical commodities, except as permitted under the 1940 Act and other applicable laws, rules and regulations, as such may be interpreted or modified by regulatory authorities having jurisdiction, from time to time.
6. May make loans to the extent permitted under the 1940 Act, as such may be interpreted or modified by regulatory authorities having jurisdiction, from time to time.
7. May not act as an underwriter of securities within the meaning of the 1933 Act, except as permitted under the 1933 Act, and as interpreted or modified by regulatory authority having jurisdiction, from time to time. Among other things, to the extent that a Fund may be deemed to be an underwriter within the meaning of the 1933 Act, this would permit a Fund to act as an underwriter of securities in connection with the purchase and sale of its portfolio securities in the ordinary course of pursuing its investment objective, investment policies and investment program.
8. May not issue any senior security, except as permitted under the 1940 Act, and as interpreted or modified by regulatory authority having jurisdiction, from time to time. Among other things, this would permit a Fund to: (a) enter into commitments to purchase securities in accordance with a Fund's investment program, including, without limitation, reverse repurchase agreements, delayed delivery securities and when-issued securities, to the extent permitted by its investment program and other restrictions; (b) engage in short sales of securities to the extent permitted in its investment program and other restrictions; and (c) purchase or sell derivative instruments to the extent permitted by its investment program and other restrictions.

If a percentage limitation is satisfied at the time of investment, a later increase or decrease in such percentage resulting from a change in the value of the Fund's investments will not constitute a violation of such limitation, except that any borrowing by the Fund that exceeds the fundamental investment limitations stated above must be reduced to meet such limitations within the period required by the 1940 Act (currently three days). In addition, if the Fund's holdings of illiquid securities exceed 15% of net assets because of changes in the value of the Fund's investments, the Fund will take action to reduce its holdings of illiquid securities within a time frame deemed to be in the best interest of the Fund. Otherwise, the Fund may continue to hold a security even though it causes the Fund to exceed a percentage limitation because of fluctuation in the value of the Fund's assets.

NON-FUNDAMENTAL INVESTMENT POLICIES RELATED TO FUND NAMES

Certain Funds have names that suggest that the Fund will focus on a type of investment, within the meaning of Rule 35d-1 under the 1940 Act. The Trust has adopted a non-fundamental policy for each Fund with such a name to invest under normal market conditions at least 80% of its net assets (plus any borrowings for investment purposes) in investments of the type suggested by the Fund's name, in each case as set forth in the Fund's prospectus.

With respect to each of these Funds, the Trust has adopted a policy to provide the Fund's shareholders with at least 60 days prior notice of any change in the policy of a Fund to invest at least 80% of its assets in the manner described above.

MANAGEMENT OF THE FUNDS

The overall management of the business and affairs of the Funds is vested with the Board of Trustees. The Board of Trustees approves all significant agreements between the Trust and persons or companies furnishing services to it, including the Trust's agreements with its investment advisers, administrator, custodian and transfer agent. The management of each Fund's day-to-day operations is delegated to its officers, the Adviser, the Sub-Adviser (in the case of AQR Diversified Arbitrage Fund) and the Funds' administrator, subject always to the investment objectives and policies of each of the Funds and to general supervision of the Board of Trustees.

Listed in the chart below is basic information regarding the Trustees and officers of the Trust. The address of each officer and Trustee is 2 Greenwich Plaza, Third Floor, Greenwich CT 06830.

<u>Name and Year of Birth</u>	<u>Current Position with the Trust, Term of Office¹ and Length of Time Served</u>	<u>Principal Occupation(s) During Part 5 Years</u>	<u>Number of Funds in Fund Complex Overseen by Trustee</u>	<u>Other Directorships Held by Trustee</u>
Disinterested Trustees²				
Timothy K. Armour, 1948	Trustee, since 2008	Retired (since 2008); prior thereto, Managing Director, Morningstar Inc.	8	Janus Capital Group; AARP Services
Steven Grenadier, 1964	Trustee, since 2008	Professor of Finance, Stanford University	8	E*TRADE Funds; Nicholas Applegate Funds
L. Joe Moravy, 1950	Trustee, since 2008	Retired (since 2008); prior thereto, Partner, Ernst & Young LLP	8	N/A
Interested Trustee³				
John M. Liew, Ph.D., 1967	Chairman of the Board, since 2008	Founding Principal, AQR Capital Management LLC	8	N/A
Officers				
Marco Hanig, 1958	President, since 2008	Vice President, AQR Capital Management LLC (since 2008); prior thereto, Principal, William Blair & Company, L.L.C.		

John B. Howard, 1969	Treasurer, since 2008	Vice President, AQR Capital Management LLC (since 2007); prior thereto, Chief Financial Officer, Knight Capital Group
Brendan R. Kalb, 1975	Secretary, since 2008	Vice President, AQR Capital Management LLC (since 2004); prior thereto, Attorney, Willkie Farr & Gallagher LLP

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- (1) Each Trustee serves until the election and qualification of a successor, or until death, resignation or removal as provided in the Trust's declaration of Trust.
 - (2) A Distinterested Trustee is any Trustee that is not an "interested person" of the Trust within the meaning of Section 2(a)(19) of the 1940 Act.
 - (3) An Interested Trustee is a Trustee that is an "interested person" of the Trust within the meaning of Section 2(a)(19) of the 1940 Act.

Committees of the Board of Trustees

The Board of Trustees currently has two standing committees: (1) an Audit Committee, and (2) a Nominating and Governance Committee. Currently, each independent trustee serves on each committee. John M. Liew, Ph.D., as an Interested Trustee, is not a member of either committee. Each committee has adopted a written charter setting forth its duties and responsibilities. None of these committees met during the 12-months ended December 31, 2008.

Audit Committee. Mr. L. Joe Moravy serves as the Chairman of the Audit Committee. The Audit Committee is required to meet at least twice a year and

oversees the accounting, auditing and financial reporting processes of each of the Funds;

hires (and fires, if needed) the Funds' independent registered public accounting firm;

pre-approves all audit, audit-related and non-audit services to be provided by the independent registered public accounting firm to the Funds and certain Fund affiliates;

reviews with the independent registered public accounting firm the proposed scope of, and fees for, their audit, the registered public accounting firm's independence, and the staffing of the audit team of the Funds;

receives and considers a report from the independent registered public accounting firm concerning their conduct of the audit, including any comments or recommendations they might want to make in that connection;

considers all critical accounting policies and practices to be used by each of the Funds and any proposed alternative treatments thereof; and

investigates any improprieties or suspected improprieties in the operations of each of the Funds.

Nominating and Governance Committee. Mr. Armour serves as the Chairman of the Nominating and Governance Committee. The Nominating and Governance Committee normally meets at least two times a year to address governance issues and:

reviews and assesses the adequacy of the Board's ongoing adherence to industry corporate governance best practices and makes recommendations as to any appropriate changes;

reviews and makes recommendations to the Board regarding Trustee compensation and expense reimbursement policies;

undertakes periodically to coordinate and facilitate evaluations of the Board and recommend improvements, as appropriate; and

meets with the Funds' management to review reports and other information concerning the status of the Funds' operations, procedures, and processes.

If there is a vacancy on the Board, the Nominating and Governance Committee will:

identify and evaluate potential candidates to fill any such vacancy on the Board;

select from among the potential candidates a nominee to be presented to the full Board for its consideration; and

recommend to the Board a nominee to fill any such vacancy.

When seeking suggestions for nominees to serve as independent trustees, the Nominating and Governance Committee may consider suggestions from anyone it deems appropriate. When seeking to fill a position on the Board previously held by an Interested Trustee, the Nominating and Governance Committee will consider the views and recommendations of the Adviser. The Nominating and Governance Committee will not normally consider Trustee nominations submitted by shareholders.

Fund Ownership of the Trustees

None of the Funds had commenced operations prior to the date of this SAI. As a result, the Trustees of the Funds did not own any securities of the Funds.

Compensation of Trustees and Certain Officers

Officers of the Trust and Trustees who are interested persons of the Trust do not receive any compensation from the Trust. The annual retainer paid to Disinterested Trustees is \$20,000 and the Trustees also will receive a \$4,000 per meeting fee for regularly scheduled meetings, plus \$1,500 per extraordinary telephonic meeting. The Audit Committee Chairman receives an additional \$2,000 annual retainer. All Trustees are reimbursed for their travel expenses and other reasonable out-of-pocket expenses incurred in connection with attending Board meetings (these other expenses are subject to Board review to ensure that they are not excessive). The Trust does not pay any pension or retirement benefits.

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Prior to the Trust's commencement of operations, each Disinterested Trustee was compensated \$4,000 for his or her service as a Trustee. The table below shows the estimated compensation that is contemplated to be paid to the Disinterested Trustees for the Fund's fiscal year ended December 31, 2009, assuming a full fiscal year of operations for the fiscal year ended December 31, 2009:

COMPENSATION TABLE

Name of Person, Position	Aggregate Compensation from the Trust
Timothy K. Armour, Trustee	\$39,000
Steven Grenadier, Trustee	\$39,000
L. Joe Moravy, Trustee	\$41,000

Personal Trading

The Trust, Adviser and Sub-Adviser have each adopted a code of ethics, which puts restrictions on the timing of personal trading in relation to trades by the Funds and other advisory clients of the Adviser, Sub-Adviser and their affiliates. The codes of ethics, which were adopted in accordance with Rule 17j-1 under the 1940 Act and Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), as appropriate, describe the fiduciary duties owed to shareholders of the Funds and to other advisory accounts by all Trustees, officers, members and employees of the Trust, and by the Adviser and Sub-Adviser; establish procedures for personal investing; and restrict certain transactions.

The Funds' distributor, ALPS Distributors, Inc. (the "Distributor") has also adopted a code of ethics governing the personal trading activities of its directors, officers and employees, which contains comparable restrictions.

Proxy Voting Policies and Procedures

The Adviser and Sub-Adviser have adopted joint written proxy voting policies and procedures ("Proxy Policies") as required by Rule 206(4)-6 under the Investment Advisers Act, consistent with their fiduciary obligations. The Trust has delegated proxy voting responsibilities with respect to each Fund to the Adviser, subject to the general oversight of the Board. The Proxy Policies have been approved by the Trust as the policies and procedures that the Adviser and Sub-Adviser will use when voting proxies on behalf of the Funds. A copy of the Proxy Policies is attached as Appendix A to this SAI.

Information about how each Fund voted proxies relating to portfolio securities held during the most recent 12-month period ended June 30 will be available no later than August 31, of each year: (i) on the Funds' web site at www.aqrfunds.com; (ii) without charge, upon request, by calling 1-866-290-2688 or (iii) on the SEC's web site at <http://www.sec.gov>.

Portfolio Holdings Disclosure

Within 30 days following the end of each calendar month, each Fund will make available a complete uncertified schedule of its portfolio holdings as of the end of the month. Each Fund will make its portfolio holdings information available to the general public on the Funds' web site at www.aqrfunds.com.

Portfolio holdings of each Fund will also be disclosed on a quarterly basis no later than sixty (60) days following the end of the preceding quarter on forms required to be filed with the SEC as follows: (i) portfolio holdings as of the end of each fiscal year will be filed as part of the annual report filed on Form N-CSR; (ii) portfolio holdings as of the end of the first and third fiscal quarters will be filed on Form N-Q; and (iii) portfolio holdings as of the end of the six month period will be filed as part of the semi-annual report filed on Form N-CSR. The Trust's Forms N-CSR and Forms N-Q will be available on the SEC web site at <http://www.sec.gov>.

Non-public information regarding a Fund, including portfolio holdings information, may be disclosed more frequently or in advance of the website posting or its filing with the SEC on the EDGAR filing system to agents, service providers, analysts, rating agencies, pricing services, proxy voting services or others including the following: advisers and sub-advisers to the Funds, independent registered public accountants, counsel, administrator, transfer agent or custodian, who require access to such information in order to fulfill their contractual duties to the Funds. The provision of such information is subject to a contractual duty of confidentiality, whether in the form of a stand alone confidentiality agreement or in the form of a provision in a broader contract. In addition, in connection with the purchase and sale of portfolio securities and in the course of seeking best execution, the Adviser and Sub-Adviser provide information regarding individual portfolio holdings to broker-dealers who may be selected to execute trades for the Funds. The Securities Exchange Act of 1934, as amended, and the rules of the Financial Industry Regulatory Authority (“FINRA”) provide limitations on a broker-dealer’s ability to trade for its own accounts or the accounts of others on the basis of such information. In addition, in connection with a redemption in kind, the redeeming shareholder may be required to agree to keep the information about the securities to be so distributed confidential, except to the extent necessary to dispose of the securities.

Other than as noted above, non-public information regarding a Fund, including portfolio holdings information, may not be released to any party prior to its being posted on the Funds’ website or filed with the SEC through the EDGAR filing system without the specific prior written consent of an executive officer of the Trust, which consent must identify the party to receive such information, the frequency of such disclosures and the business purpose therefore. The Trust’s Chief Compliance Officer and the executive officers of the Trust monitor the release of non-public information regarding the Trust. In order to assess whether there are any conflicts between the interests of the Funds’ shareholders and the interests of the Adviser, the Sub-Adviser or their affiliates, the Trustees will review at each regular meeting of the Board of Trustees the information related to any such written approvals that have been approved by the Adviser or Sub-Adviser since the last regular meeting of the Board of Trustees.

The Chief Compliance Officer of the Trust is responsible for ensuring that the Funds have adopted and implemented policies and procedures reasonably designed to ensure compliance with the Trust’s portfolio holdings disclosure policy and, to the extent necessary, the Chief Compliance Officer and/or his or her designee shall monitor the Funds with this policy.

Any exceptions to the policy may be made only if approved by the Chief Compliance Officer of the Trust upon determining that the exception is in the best interests of the Funds and their shareholders. The Chief Compliance Officer must report any exceptions made to the policy to the Trustees at its next regularly scheduled meeting.

Each violation of the disclosure policy must be reported to the Chief Compliance Officer. If the Chief Compliance Officer, in the exercise of his or her duties, deems that such violation constitutes a “Material Compliance Matter” within the meaning of Rule 38a-1 under the Investment Company Act, he or she shall report it to the applicable Trustees, as required by Rule 38a-1.

The Trustees reserve the right to amend the Trust’s policies and procedures regarding the disclosure of portfolio holdings at any time and from time to time without prior notice and in their sole discretion. The Board of Trustees also considers the reports and recommendations of the Trust’s Chief Compliance Officer regarding any material compliance matters that may arise with respect to the disclosure of portfolio holdings information and periodically, as required under the circumstances, considers whether to approve or ratify any amendment to the Trust’s policies and procedures regarding the dissemination of portfolio holdings information.

CONTROL PERSONS

As of the date of this SAI, AQR Capital Management, LLC owned 100% of the shares of the AQR Diversified Arbitrage Fund and, therefore, may be deemed to have controlled that Fund as of that date. No other Fund had shares outstanding as of the date of this SAI.

INVESTMENT ADVISORY AND OTHER SERVICES

Investment Adviser

The Adviser, AQR Capital Management, LLC, Two Greenwich Plaza, 3rd Floor, Greenwich, CT 06830, serves as the investment adviser to each of the Funds pursuant to an Investment Advisory Agreement entered into by the Trust, on behalf of each of the Funds, dated December 4, 2008 (the “Advisory Agreement”). Subject to the general supervision of the Board of Trustees, under the terms of the Advisory Agreement, the Adviser furnishes a continuous investment program for each Fund’s portfolio, makes day-to-day investment decisions for each Fund, and

manages each of the Funds' investments in accordance with the stated policies of the Fund. The Adviser is also responsible for selecting brokers and dealers to execute purchase and sale orders for the portfolio transactions of each Fund, subject to its obligation to seek best execution. The Adviser provides persons satisfactory to the Trustees to serve as officers of the Funds. Such officers, as well as certain other employees and Trustees of the Trust, may be directors, officers, or employees of the Adviser.

Under the Advisory Agreement, the Funds pay the Adviser a management fee on a monthly basis in an amount equal to the following amounts annually of the average daily net assets of each of the Funds:

<u>Fund:</u>	<u>Management Fee:</u>
AQR Global Equity Fund	0.40%
AQR International Equity Fund	0.45%
AQR International Small Cap Fund	0.70%
AQR Emerging Markets Fund	0.70%
AQR Equity Plus Fund	0.70%
AQR Small Cap Core Fund	0.70%
AQR Small Cap Growth Fund	0.70%
AQR Diversified Arbitrage Fund	0.70%

In addition to the payments to the Adviser under the Advisory Agreement described above, each Fund pays certain other costs of its operations including (a) custody, transfer agency and dividend disbursing expenses, (b) certain amounts paid to intermediaries in recognition of the transfer agency costs avoided by the Funds as a result of the customer recordkeeping activities of the intermediaries, (c) distribution related fees for the Class N shares, (d) fees of Trustees who are not affiliated with the Adviser, (e) legal and auditing expenses, (f) litigation expenses, (g) clerical, accounting and other office costs, (h) costs of printing the Funds' prospectuses and shareholder reports for current shareholders, (i) costs of maintaining the Trust's existence, (j) interest charges, taxes, brokerage fees and commissions, (k) costs of stationery and supplies, (l) expenses and fees related to registration and filing with the SEC and with state regulatory authorities, and (m) upon the approval of the Board of Trustees, costs of personnel of the Adviser or its affiliates rendering clerical, accounting and other office services.

The Adviser may, from time to time, make payments to financial intermediaries for certain distribution, sub-administration, sub-transfer agency or other shareholder services provided to Class N shareholders of the Funds whose shares are held of record in certain omnibus accounts and other group accounts (e.g., a fund "supermarket" account). The Adviser makes any such payments out of the Adviser's own resources without additional cost to the Funds or their shareholders.

Investment Sub-Adviser

The Trust and Adviser have retained the Sub-Adviser, CNH Partners, LLC, Two Greenwich Plaza, 1st Floor, Greenwich, CT 06830, to serve as the investment sub-adviser to the Diversified Arbitrage Fund pursuant to an investment sub-advisory agreement (the "Sub-Advisory Agreement"). Subject to the general supervision of the Board of Trustees and Adviser, under the terms of the Sub-Advisory Agreement, the Sub-Adviser furnishes a continuous investment program for the Fund's portfolio, makes day-to-day investment decisions for the Fund, and manages the Fund's investments in accordance with the stated policies of the Fund. The Sub-Adviser is also responsible for selecting brokers and dealers to execute purchase and sale orders for the portfolio transactions of each Fund, subject to its obligation to seek best execution. The Adviser compensates the Sub-Adviser out of the management fee the Adviser receives for managing AQR Diversified Arbitrage Fund a fee payable monthly equal to 0.70% annually of the average daily net assets for the AQR Diversified Arbitrage Fund.

Portfolio Manager Compensation

Each of the portfolio managers is a Principal of the Adviser or Sub-Adviser, as applicable. Their compensation is in the form of distributions based on the revenues generated by the Adviser or Sub-Adviser, as the case may be. Distributions to each portfolio manager are based on cumulative research, leadership and other contributions to the Adviser or Sub-Adviser. Revenue distributions are also a function of assets under management and performance of the Funds. There is no direct linkage between performance and compensation. However, there is an indirect linkage in that superior performance tends to attract assets and thus increase revenues.

Portfolio Manager Holdings

The Funds had not commenced operations prior to the date of this SAI. As a result, the portfolio managers for the Funds did not own any securities of the Funds.

Other Accounts Managed

Each of the portfolio managers is also responsible for managing other accounts in addition to the respective Fund or Funds which he manages, including other accounts of the Adviser, the Sub-Adviser, or their affiliates, such as separately managed accounts for foundations, endowments, pension plans, and high net-worth families. Other accounts may also include accounts managed by the portfolio managers in a personal or other capacity, and may include registered investment companies and unregistered investment companies relying on either Section 3(c)(1) or Section 3(c)(7) of the 1940 Act (such companies are commonly referred to as “hedge funds”). Management of other accounts in addition to the Funds can present certain conflicts of interest, as described below.

From time to time, potential conflicts of interest may arise between a portfolio manager’s management of the investments of a Fund, on the one hand, and the management of other accounts, on the other. The other accounts might have similar investment objectives or strategies as the Funds, or otherwise hold, purchase, or sell securities that are eligible to be held, purchased or sold by the Funds. Because of their positions with the Funds, the portfolio managers know the size, timing and possible market impact of a Fund’s trades. It is theoretically possible that the portfolio managers could use this information to the advantage of other accounts they manage and to the possible detriment of a Fund. A potential conflict of interest may arise as a result of the portfolio manager’s management of a number of accounts with similar investment guidelines. Often, an investment opportunity may be suitable for both a Fund and other accounts managed by the Adviser or Sub-Adviser, but may not be available in sufficient quantities for both the Fund and the other accounts to participate fully. Similarly, there may be limited opportunity to sell an investment held by a Fund and another account. Whenever decisions are made to buy or sell securities by the Fund and one or more of the other accounts simultaneously, the Adviser, Sub-Adviser or portfolio manager may aggregate the purchases and sales of the securities and will allocate the securities transactions in a manner that it believes to be equitable under the circumstances. As a result of the allocations, there may be instances where the Fund will not participate in a transaction that is allocated among other accounts or that may not be allocated the full amount of the securities sought to be traded. While these aggregation and allocation policies could have a detrimental effect on the price or amount of the securities available to the Fund from time to time, it is the opinion of the Adviser or Sub-Adviser, as applicable, that the overall benefits outweigh any disadvantages that may arise from this practice.

The Adviser, Sub-Adviser and the Funds’ portfolio managers may also face a conflict of interest where some accounts pay higher fees to the Adviser than others, such as by means of performance fees.

The Adviser and Sub-Adviser have implemented specific policies and procedures (e.g., a code of ethics and trade allocation policies) to seek to address potential conflicts that may arise in connection with the management of the Funds, separately managed accounts and other accounts.

The following table indicates the number of accounts and assets under management (in millions) for each type of account managed as of October 31, 2008.

<u>Portfolio Manager</u>	<u>Funds Managed by Portfolio Manager</u>	<u>Number of Other Accounts Managed and Assets by Account Type</u>			<u>Number of Other Accounts and Assets for Which the Advisory Fee is Based on Performance</u>		
		<u>Registered Investment Company</u>	<u>Other Pooled Investment Vehicles</u>	<u>Other Accounts</u>	<u>Registered Investment Company</u>	<u>Other Pooled Investment Vehicles</u>	<u>Other Accounts</u>
Clifford S. Asnes	\$19,528,414,852	11	43	58	1	30	11
John M. Liew	\$17,050,648,717	10	34	40	1	24	7
Oktay Kurbanov	\$17,050,648,717	10	34	40	1	24	7
Jacques A. Friedman	\$18,306,512,172	11	33	58	1	20	11
Ronen Israel	\$18,306,512,172	11	33	58	1	20	11
Lars Nielsen	\$18,306,512,172	11	33	58	1	20	11
Mark Mitchell	\$1,483,625,081	0	6	0	0	6	0
Todd Pulvino	\$1,483,625,081	0	6	0	0	6	0

Administrator and Fund Accountant

On behalf of the Funds, the Trust has entered into an Fund Administration and Accounting Agreement dated December 5, 2008 (the "Administration Agreement") with The Bank of New York Mellon ("Administrator"). Under the Administration Agreement, the Administrator's services include, but are not limited to, the following: preparing minutes of meetings of the Board of Trustees and assisting the Secretary of the Trust in preparing for quarterly meetings of the Board of Trustees; performing certain compliance tests for the Trust; participating in the periodic update of the Trust's registration statement and coordinating in the preparation, filing, printing and dissemination of certain other Trust filings and documents; preparing workpapers supporting the preparation of federal, state and local income tax returns for the Trust; establishing appropriate expense accruals, maintaining expense files and coordinating the payment of invoices for the Trust.

Under the Fund Administration and Accounting Agreement, the Administrator is entitled to receive an annual asset-based fee from the Trust, computed daily and payable monthly based on monthly gross adjusted assets for administrative and fund accounting services of: 4.0 basis points (0.04%) annually on the first \$1 billion in total gross adjusted assets; 2.5 basis points (0.025%) annually on the next \$2 billion in total gross adjusted assets; and 2.0 basis points (0.02%) annually on assets in excess of \$3 billion in total gross adjusted assets. The Trust also: (i) pays the Administrator fixed, separate fees of \$15,000 per Fund per year for corporate governance related services and \$5,000 per Fund per year for fair valuation pricing services and (ii) reimburses the Administrator for certain of its out-of-pocket expenses. There is a minimum fee of \$5,800 per Fund per year for services other than the corporate governance services. The minimum fee will be calculated based on the number of Funds and applied at the relationship level.

The Administration Agreement continues in effect indefinitely unless it is terminated by either party in accordance with its terms. The Trust may terminate the Administration Agreement at any time by giving 60 days prior notice to the Administrator. The Trust also will have the

option to extend the notice period up to an additional 30 days. The Administrator may terminate the Administration Agreement at any time by giving 90 days prior notice to the Trust.

Distributor

The Trust has entered into a Distribution Agreement dated as of December 8, 2008, on behalf of each Fund, with the Distributor, ALPS Distributors, Inc. pursuant to which the Distributor acts as distributor for each Fund and acts as agent for the each Fund in selling its shares to the public. The Distributor offers shares of the Funds on a continuous basis and may engage in advertising and solicitation activities in connection therewith. The Distributor is not obligated to sell any certain number of shares of the Funds. The Distributor also reviews advertisements and acts as liaison for broker-dealer relationships. Investors purchasing or redeeming shares of a Fund through another financial institution should read any materials and information provided by the financial institution to acquaint themselves with its procedures and any fees that the institution may charge.

The Distribution Agreement continues in effect until December 7, 2009 and shall continue in effect for successive one-year periods ending each December 7th provided such continuance is specifically approved at least annually by (i) the Board of Trustees or (ii) the vote of a majority of outstanding shares of the Fund, and provided that in either event the continuance is also approved by a majority of the Trust's Board of Trustees who are not "interested persons" (as defined in the 1940 Act) of any party to the Distribution Agreement.

Distribution Plan

The Board has adopted with respect to each of the Funds a Distribution Plan pursuant to Rule 12b-1 under the 1940 Act for Class N shares of the Fund (the "12b-1 Plan"). Under the 12b-1 Plan, the Class N shares of each Fund pay a distribution fee of 0.25% to the Distributor as compensation for distribution activities related to Class N shares of each Fund. Because these fees are paid out of each Fund's assets on an on-going basis, over time these fees will increase the cost of an investment and may cost a shareholder more than paying other types of sales charges. The 12b-1 Plan provides that the distribution fees are payable to the Distributor regardless of the amounts actually expended by the Distributor.

Authorized distribution expenses include the Distributor's interest expense and profit. The Distributor anticipates that actual expenditures on distribution will substantially exceed the distribution fee received by it during the early years of the operation of the 12b-1 Plan. In later years, its expenditures may be less than the distribution fee, thus enabling the Distributor to realize a profit in those years.

If the 12b-1 Plan is terminated with respect to a Fund, the Fund will owe no payments to the Distributor other than fees accrued but unpaid on the termination date. The 12b-1 Plan may be terminated only by specific action of the Trustees or shareholders.

The 12b-1 Plan shall continue in effect from year to year with respect to each Fund, provided such continuance is approved at least annually by the Trustees or by a vote of a majority of the outstanding voting securities of the Fund (as defined in the 1940 Act and the rules thereunder) and, in either case, by a majority of the Independent Trustees. The 12b-1 Plan may not be amended to increase materially the amount to be spent for the services described therein without approval of the shareholders of the Class N shares of a Fund, and all material amendments of a 12b-1 Plan must also be approved by the Trustees in the manner described above. The 12b-1 Plan may be terminated with respect to a Fund at any time, without payment of any penalty, by vote of a majority of the Independent Trustees, or by a vote of a majority of the outstanding voting securities of the affected Fund (as defined in the 1940 Act) on not more than 60 days' written notice to any other party to the 12b-1 Plan. So long as the 12b-1 Plan is in effect, the selection and nomination of Trustees who are not such interested persons has been committed to those Trustees who are not such interested persons.

Pursuant to the 12b-1 Plan, the Distributor shall provide the Trust for review by the Trustees, and the Trustees shall review at least quarterly, a written report of the amounts expended under the 12b-1 Plan and the purpose for which such expenditures were made. In the Trustees' quarterly review of the 12b-1 Plan, they will consider its continued appropriateness and the level of compensation provided therein. The Trustees have determined that, in their judgment, there is a reasonable likelihood that the 12b-1 Plan will benefit the respective Funds and their shareholders.

Custodian

The Custodian, The Bank of New York Mellon, is each Fund's custodian. The Custodian has no part in determining the investment policies of the Funds or which securities are to be purchased or sold by a Fund. Under a custody agreement with the Trust, on behalf of the Funds, the Custodian holds each Fund's securities and maintains all necessary accounts and records.

Transfer Agent and Dividend Disbursing Agent

ALPS Fund Services, Inc., has been retained to serve as the Funds' transfer agent and dividend disbursing agent.

Shareholder Services Agreement

The Trust has entered into a Shareholder Services Agreement with respect to each Class of Shares of each Fund. Under the Shareholder Services Agreement, each Fund pays the Adviser a fee for providing or arranging for the provision of certain services to shareholders of the Fund of up to 0.35%, 0.30% and 0.25%, annually of the Fund's average daily net assets for Class N shares, Class I Shares and Class Y shares, respectively.

DETERMINATION OF NET ASSET VALUE

Each Fund's net asset value ("NAV") is computed as of the scheduled close of trading on the New York Stock Exchange (the "NYSE") (normally 4:00 p.m. Eastern time) on each day during which the NYSE is open for trading. If the NYSE closes at any other time, or if an emergency exists, transaction deadlines and NAV calculations may occur at different times. The NAV per share of each Fund is computed by dividing the total current value of the assets of the Fund attributable to a class, less class liabilities, by the total number of shares of that class of the Fund outstanding at the time such computation is made.

The Funds' portfolio securities are valued as of the close of business of the regular session of trading on the NYSE (normally 4:00 p.m. Eastern time). Securities traded on a national stock exchange or quoted by NASDAQ are valued at the NASDAQ Official Closing Price. Securities traded in the over-the-counter market, and which are not quoted by NASDAQ, are valued at the last sale price, if available, otherwise at the last quoted bid price.

The Funds normally value equity securities primarily traded on North American, Central American, South American and Caribbean markets using market values as described above. However, the Funds have implemented and normally use fair value pricing on a daily basis for all equity securities that are not primarily traded on North American, Central American, South American and Caribbean markets because trading in these securities typically is completed at times that vary significantly from the closing of the NYSE. This fair value pricing process for foreign equity securities uses the quotations of an independent pricing service to value each such security unless (i) the pricing service does not provide prices for the security, in which event the Fund may use market value or fair value in accordance with the Trust's Valuation Procedures or (ii) the Trust's Valuation Committee determines that (a) a quote provided by the service does not accurately reflect the value of the security and (b) the use of another fair valuation methodology is appropriate.

Securities for which market quotations or independent pricing service quotations are not readily available or which are not readily marketable and all other assets of the Funds are valued at fair value using Valuation Procedures for the Funds, which have been approved by the Board of Trustees. The procedures require that the Valuation Committee, as designated from time to time, meet on an as-needed basis to value any securities or other assets for which prices or valuations are not readily determinable by the Funds' pricing agent. The Valuation Committee considers time-sensitive valuation issues, including those relating to market closures, changes in illiquid security values and other events that may have a potentially material impact on security values. At each regular meeting of the Board of Trustees held during a quarter following a meeting of the Valuation Committee, the Valuation Committee presents a written report for the Board's review and approval that discusses the procedures and practices employed in connection with any action taken by the Committee during the prior period. In addition, the Valuation Committee annually reviews all the valuation methodologies used by it and takes any actions necessary to ensure that appropriate procedures and internal controls are in place to address valuation issues. A written report of this review is presented annually to the Board of Trustees for its review.

ADDITIONAL INFORMATION ABOUT PURCHASES AND REDEMPTION OF SHARES

Cut-Off Time for Purchase and Redemption Orders

Orders to purchase or redeem shares received by the Transfer Agent, or by a financial intermediary authorized to receive such orders, by the cut-off time indicated in the Funds' Prospectus will be processed at the NAV next calculated after the order is received by the Transfer Agent or the financial intermediary that is an authorized agent of the Funds. Under a variety of different types of servicing agreements, financial intermediaries that are authorized to receive purchase and redemption orders from investors are permitted to transmit those orders that are received by the financial intermediary before the cut-off time in the Prospectus to the Transfer Agent by the cut-off times stated in those agreements, which are generally later than the cut-off time stated in the Prospectus. Financial intermediaries are prohibited by law from transmitting orders received after the cut-off time stated in the Prospectus to the Transfer Agent for processing at that day's NAV. Any order otherwise received after the cut-off time stated in the Prospectus will be specifically identified for processing on the next day on which a NAV is computed.

Purchases In-Kind

The Trust may permit purchases of any of the Fund' s shares by means of in-kind contributions of portfolio securities under limited circumstances in accordance with procedures approved by the Trust' s Board of Trustees. In-kind purchases of Fund shares may only be permitted if the Adviser or Sub-Adviser, as appropriate, determines that acceptance of the in-kind securities will not adversely affect the purchasing Fund, does not favor a shareholder of the purchasing Fund to the detriment of another shareholder of the purchasing Fund, and conforms with the purchasing Fund' s fundamental investment objectives, policies and restrictions. In-kind securities will be valued in the same manner as they would be valued for purposes of computing a Fund' s NAV. The Fund will not be liable for any brokerage commission or fee (except for customary transfer fees) in connection with an in-kind purchase of Fund shares.

Your broker may impose a fee in connection with processing your in-kind purchase of Fund shares. An investor contemplating an in-kind purchase of Fund shares should consult his or her tax adviser to determine the tax consequences under Federal and state law of making such a purchase.

Redemptions In-Kind

Payment of the redemption price for shares redeemed may be made either in cash or in portfolio securities (selected in the discretion of the Board of Trustees and taken at their value used in determining a Fund' s net asset value per share as described under "Determination of Net Asset Value"), or partly in cash and partly in portfolio securities. However, payments will be made wholly in cash unless the Board of Trustees believes that economic conditions exist which would make such a practice detrimental to the best interests of a Fund. Moreover, the Trust has elected to be governed by Rule 18f-1 under the 1940 Act, under which the Funds are obligated to redeem their shares solely in cash up to the lesser of \$250,000 or 1% of their net asset value during any 90-day period for one shareholder. This election is irrevocable unless the SEC permits its withdrawal. If payment for shares redeemed is made wholly or partly in portfolio securities, brokerage costs may be incurred by the investor in converting the securities to cash. The Funds may redeem shares held by affiliates in kind as long as neither the affiliated shareholder nor any other party with the ability and pecuniary incentive to influence the redemption in kind selects, or influences the selection of the distributed securities and as long as the redemption in kind is approved by the Board of Trustees, including a majority of the Trustees who are not interested persons of the Trust, in a manner consistent with SEC rules, regulations and interpretive positions.

Involuntary Redemptions.

Each Fund reserves the right to involuntarily redeem any shareholder' s account, subject to applicable law, if:

the Fund or a class of its shares are to be terminated;

the value of the account falls below any investment minimum for the account set by the Trust, provided that (1) the Trust provides a written notice of redemption to the shareholder at least 15 days before the redemption date, and (2) any policies adopted by the Board with respect to the redemption of small accounts have been disclosed to shareholders at least 60 days prior to the mailing of the written notice of redemption;

the shareholder fails to pay when due the full purchase price of shares issued to him;

it appears appropriate to do so in connection with a failure of the appropriate person(s) to furnish certified taxpayer identification numbers, other tax-related certifications, or if the Fund is unable to verify the account holder' s identity;

the Fund otherwise determines it appropriate to do so in light of the Fund' s responsibilities under the Investment Company Act or other applicable law or necessary to prevent harm to the Trust or its shareholders.

If a shareholder's account is involuntarily redeemed, a check for the redemption proceeds payable to the shareholder will be mailed to the shareholder at the shareholder's address of record.

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Other Purchase and Redemption Information.

Each Fund reserves the right to reject any purchase order for its shares in its sole discretion.

Each of the Funds reserves the right to suspend or postpone redemptions during any period when: (a) trading on the NYSE is restricted by applicable rules and regulations of the SEC; (b) the NYSE is closed other than for customary weekend and holiday closings; (c) the SEC has by order permitted such suspension or postponement for the protection of the shareholders or (d) an emergency, as determined by the SEC, exists making disposal of portfolio securities or valuation of net assets of a Fund not reasonably practicable. Upon the occurrence of any of the foregoing conditions, each of the Funds may also suspend or postpone the recording of the transfer of its shares.

In addition, each of the Funds may compel the redemption of, reject any order for, or refuse to give effect on the Fund's books to the transfer of, its shares where the relevant investor or investors have not furnished the Fund with valid, certified taxpayer identification numbers and such other tax-related certifications or other necessary documentation as the Fund may request.

Brokers or other financial intermediaries may charge their customers a processing or service fee in connection with the purchase or redemption of the Funds' shares. The amount and applicability of such a fee is determined and disclosed to its customers by each individual broker or financial intermediary. Processing or service fees typically are fixed, nominal dollar amounts and are in addition to the charges described in the prospectus and this SAI. An investor's broker will provide them with specific information about any processing or service fees they will be charged.

PORTFOLIO TURNOVER

The frequency of portfolio transactions is generally expressed in terms of a portfolio turnover rate. For example, an annual turnover rate of 100% would occur if all of the securities in a Fund were replaced once a year.

The Adviser or Sub-Adviser for a Fund may engage in active short-term trading to rebalance the Fund's portfolio or for other reasons. It is anticipated that the portfolio turnover may vary greatly from year to year as well as within a particular year, and may be affected by changes in the holdings of specific issuers, changes in country and currency weightings, cash requirements for redemption of shares and by requirements which enable a Fund to receive favorable tax treatment. The Funds are not restricted by policy with regard to their portfolio turnover rates. Higher portfolio turnover rates, such as rates in excess of 100%, and short-term trading involve correspondingly greater commission expenses and transaction costs.

PORTFOLIO TRANSACTIONS AND BROKERAGE

The Adviser and Sub-Adviser, as applicable, are responsible for decisions to buy and sell securities for the Funds, the selection of brokers and dealers to effect the transactions, and the negotiation of brokerage commissions. Purchases and sales of securities on a securities exchange are effected through brokers who charge a commission for their services. Brokerage commissions on U.S. securities exchanges are subject to negotiation between the Adviser or Sub-Adviser, as appropriate, and the broker.

In the over-the-counter market, securities are sometimes traded on a "net" basis with dealers acting as principal for their own accounts without a stated commission, although the price of the security usually includes a profit to the dealer. Trades of NASD listed securities may be made on an agency basis and a commission is added to such trades. In underwritten offerings, securities are purchased at a fixed price, which includes an amount of compensation to the underwriter, generally referred to as the underwriter's concession or discount. On occasion, certain money market instruments may be purchased directly from an issuer, in which case no commissions or discounts are paid.

When decisions are made to purchase or sell the same securities simultaneously for a number of client accounts, the Adviser or Sub-Adviser may aggregate into a single trade order (a "bunched" trade) several individual contemporaneous client trade orders for a single security if the Adviser or Sub-Adviser deems this to be appropriate and in the best interests of the client accounts involved. Bunched trades may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution, or reducing overall

commission charges. Accounts that are eligible to purchase shares in initial public offerings may participate in aggregated orders for such shares. The Adviser or Sub-Adviser, as appropriate, seeks to aggregate trade orders in a manner that is consistent with its duty to: (1) seek best execution of client orders, (2) treat all clients fairly, and (3) not systematically advantage or disadvantage any single client.

When an aggregated order is filled in its entirety, each participating client account will participate at the average share price for the aggregated order, and transaction costs shall be shared pro rata based on each client's participation in the aggregated order. If an order cannot be completely filled and the investment opportunity is determined to be equally suitable and appropriate for more than one account, allocations will generally be made pro rata, subject to rounding to achieve round lots, based upon the initial amount requested for an account participating in the aggregated order. Each account participating in a particular aggregated or "bunched trade" will receive the share price with respect to that aggregated order or, as appropriate, the average share price for all executed "bunched" trades on that trading day. The Adviser or Sub-Adviser may allocate on a basis other than pro rata, if, under the circumstances, such other method of allocation is reasonable, does not result in any improper or undisclosed advantage or disadvantage to other accounts, and results in fair access over time to trading opportunities for all eligible managed accounts. For example, the Adviser or Sub-Adviser may identify investment opportunities that are appropriate for certain accounts and not others, based on such factors as investment objectives, style, risk/return parameters, regulatory and client restrictions, tax status, account size, sensitivity to turnover, available cash and cash flows. Consequently, the Adviser or Sub-Adviser may decide it is more appropriate to place a given security in one account rather than another account. Other non-pro rata methods include rotation allocation or random allocation. Alternative methods of allocation are appropriate, for example, when the transaction size is too limited to be effectively allocated pro rata among all eligible accounts.

In placing orders for portfolio securities of the Funds, the Adviser and Sub-Adviser are required to give primary consideration to obtaining the most favorable price and efficient execution. Within the framework of this policy, the Adviser and Sub-Adviser each will consider the research and investment services provided by brokers or dealers who effect, or are parties to, portfolio transactions of the Funds or the Adviser's or Sub-Adviser's (as applicable) other clients. Such research and investment services are those which brokerage houses customarily provide to institutional investors and include statistical and economic data and research reports on particular companies and industries. Such services are used by the Adviser and Sub-Adviser in connection with all of their investment activities, and some of such services obtained in connection with the execution of transactions for the Funds may be used in managing other investment accounts. Conversely, brokers furnishing such services may be selected for the execution of transactions of such other accounts, and the services furnished by such brokers may be used by the Adviser or Sub-Adviser in providing investment management for the Funds. Commission rates are established pursuant to negotiations with the broker based on the quality and quantity of execution services provided by the broker in light of generally prevailing rates. The Adviser's and Sub-Adviser's policy is to pay higher commissions to brokers for particular transactions than might be charged if a different broker had been selected on occasions when, in the Adviser's or Sub-Adviser's opinion (as applicable), this policy furthers the objective of obtaining the most favorable price and execution. In addition, the Adviser and Sub-Adviser are authorized to pay higher commissions on brokerage transactions for the Funds to brokers in order to secure research and investment services described above, subject to review by the Board of Trustees from time to time as to the extent and continuation of the practice. The allocation of orders among brokers and the commission rates paid are reviewed periodically by the Board of Trustees.

ORGANIZATION OF THE TRUST AND A DESCRIPTION OF THE SHARES

The Trust was established on September 4, 2008 as a Delaware statutory trust and is authorized to issue an unlimited number of par shares of beneficial interest which may be issued in any number of series and classes. The Trust currently has eight Funds. Each Fund offers Class I and Class N shares. The AQR Global Equity Fund, AQR International Equity Fund, AQR International Small Cap Fund AQR Emerging Markets Fund also offer Class Y shares. All shares of each Fund have equal voting rights and each shareholder is entitled to one vote for each full share held and fractional votes for fractional shares held and will vote on the election of Trustees and any other matter submitted to a shareholder vote. The Trust is not required, and does not intend, to hold annual meetings of shareholders. The Trust will call such special meetings of shareholders as may be required under the 1940 Act (e.g., to approve a new investment advisory agreement or to change the fundamental investment policies) or by the Declaration of Trust. A

meeting of shareholders shall, however, be called by the Secretary upon the written request of the holders of not less than 10% of the outstanding shares of a Fund. The Fund will assist shareholders wishing to communicate with one another for the purpose of requesting such a meeting. Shares of each Fund will, when issued, be fully paid and non-assessable and have no preemptive or conversion rights. Each share is entitled to participate equally in dividends and distributions declared by the relevant Fund and in the net assets of such Fund on liquidation or dissolution after satisfaction of outstanding liabilities.

The following is a list of shareholders of each Fund who owned (beneficially or of record) 5% or more of a Class of a Fund' s shares as of December 15, 2008.

NAME AND ADDRESS	PERCENTAGE OWNERSHIP	TYPE OF OWNERSHIP
AQR Capital Management LLC	100%	Beneficial and record

TAXATION

Taxation of the Funds

Each Fund intends to qualify annually and to elect to be treated as a regulated investment company under the Code. To qualify as a regulated investment company, each Fund must, among other things, (a) derive in each taxable year at least 90% of its gross income from dividends, interest, payments with respect to securities loans, net income from certain publicly traded partnerships and gains from the sale or other disposition of stock, securities or foreign currencies or other income derived with respect to its business of investing in such stock, securities or currencies; (b) diversify its holdings so that, at the end of each quarter of the taxable year, (i) at least 50% of the market value of that Fund' s assets is represented by cash and cash items (including receivables), U.S. Government securities, the securities of other regulated investment companies and other securities, with such other securities of any one issuer limited for the purposes of this calculation to an amount not greater than 5% of the value of that Fund' s total assets and not greater than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of its total assets is invested in (1) the securities of any one issuer (other than U.S. Government securities or the securities of other regulated investment companies), or (2) the securities (other than securities of other regulated investment companies) of two or more controlled issuers in the same or similar or related trades or businesses, or (3) the securities of one or more qualified publicly traded partnerships; and (c) distribute at least 90% of its investment company taxable income (which includes, among other items, dividends, interest and net short-term capital gains in excess of net long-term capital losses) each taxable year.

The U.S. Treasury is authorized to issue regulations providing that foreign currency gains that are not directly related to a Fund' s principal business of investing in stock or securities (or options and futures with respect to stock or securities) will be excluded from the income which qualifies for purposes of the 90% gross income requirement described above. To date, however, no such regulations have been issued.

As regulated investment companies, the Funds generally will not be subject to U.S. Federal income tax on their investment company taxable income and net capital gains (the excess of net long-term capital gains over net short-term capital losses), if any, that they distribute to shareholders. The Funds intend to distribute to their shareholders, at least annually, substantially all of their investment company taxable income and net capital gains. Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% excise tax. To prevent imposition of the excise tax, each Fund must distribute during each calendar year an amount equal to the sum of (1) at least 98% of its ordinary income (not taking into account any capital gains or losses) for the calendar year, (2) at least 98% of its capital gains in excess of its capital losses (adjusted for certain ordinary losses) for the one-year period ending on October 31 of the calendar year, and (3) any ordinary income and capital gains for previous years that was not distributed or taxed to the Fund during those years. A distribution will be treated as paid December 31 of the current calendar year if it is declared by a Fund in October, November or December with a record date in such a month and paid by such Fund during January of the following calendar year. Such distributions will be taxable to shareholders in the calendar year in which the distributions are declared, rather than the calendar year in which the distributions are received. To prevent application of the excise tax, each Fund currently intends to make its distributions in accordance with the calendar year distribution requirement.

Distributions

Dividends paid out of a Fund's investment company taxable income (including net short-term capital gains) will be taxable to a U.S. shareholder as ordinary income. Because a portion of a Fund's income may consist of dividends paid by corporations, a portion of the dividends paid by such Fund may be eligible for the corporate dividends-received deduction and the maximum 15% tax rate on qualified dividends for individuals, provided that the Fund and shareholders satisfy applicable holding period requirements. It is not expected that any portion of a Fund's distributions that will qualify for these benefits will be significant. The favorable treatment of qualified dividends for individuals is scheduled to expire after 2010. Distributions of net capital gains, if any, designated as capital gain dividends are taxable as long-term capital gains (the excess of net long-term capital gains over net short-term capital losses), regardless of how long the shareholder has held the relevant Fund's shares, and are not eligible for the dividends-received deduction. Shareholders receiving distributions in the form of additional shares, rather than cash, generally will have a cost basis in each such share equal to the net asset value of a share of the relevant Fund on the reinvestment date.

Shareholders will be notified annually as to the U.S. Federal tax status of distributions, and shareholders receiving distributions in the form of additional shares will receive a report as to the net asset value of those shares. Any distributions received in the form of additional shares will be taxed as if received in cash.

A distribution of an amount in excess of a Fund's current and accumulated earnings and profits will be treated by a shareholder as a return of capital, which is applied against and reduces the shareholder's basis in his or her shares. To the extent that the amount of any such distribution exceeds the shareholder's basis in his or her shares, the excess will be treated by the shareholder as gain from a sale or exchange of the shares.

Sale of Shares

Upon the sale or other disposition of shares of a Fund, a shareholder may realize a capital gain or loss, which will be long-term or short-term, generally depending upon the shareholder's holding period for the shares. Any loss realized on a sale or exchange will be disallowed to the extent the shares disposed of are replaced within a period of 61 days beginning 30 days before and ending 30 days after disposition of the shares. In such a case, the basis of the shares acquired will be adjusted to reflect the disallowed loss. Any loss realized by a shareholder on a disposition of shares of a Fund held by the shareholder for six months or less will be treated as a long-term capital loss to the extent of any distributions of net capital gains received by the shareholder with respect to such shares. Individual taxpayers may generally offset capital losses against capital gains and also against up to \$3,000 of ordinary income, with any excess carried over to future years. Corporations may generally offset capital losses against capital gains and the excess may be carried to certain other years.

Original Issue Discount Securities

Investments by a Fund in zero coupon or other discount securities will result in income to such Fund equal to a portion of the excess of the face value of the securities over their issue price (the "original issue discount") each year that the securities are held, even though such Fund receives no cash interest payments. This income is included in determining the amount of income which that Fund must distribute to maintain its status as a regulated investment company and to avoid the payment of Federal income tax and the 4% excise tax. In addition, if a Fund invests in certain high yield original issue discount securities issued by corporations, a portion of the original issue discount accruing on any such obligation may be eligible for the deduction for dividends received by corporations. In such event, dividends of investment company taxable income received from such Fund by its corporate shareholders, to the extent attributable to such portion of accrued original issue discount, may be eligible for this deduction for dividends received by corporations if so designated by that Fund in a written notice to shareholders.

Market Discount Bonds

Gains derived by a Fund from the disposition of any market discount bonds (i.e., bonds purchased other than at original issue, where the face value of the bonds exceeds their purchase price) held by such Fund will be taxed as ordinary income to the extent of the accrued market discount of the bonds, unless such Fund elects to include the market discount in income as it accrues.

Options and Hedging Transactions

The taxation of equity options and over-the-counter options on debt securities is governed by Code section 1234. Pursuant to Code section 1234, the premium received by a Fund for selling a put or call option is not included in income at the time of receipt. If the option expires, the premium is short-term capital gain to a Fund. If a Fund enters into a closing transaction, the difference between the amount paid to close out its position and the premium it received is short-term capital gain or loss. If a call option written by a Fund is exercised, thereby requiring such Fund to sell the underlying security, the premium will increase the amount realized upon the sale of such security and any resulting gain or loss will be capital gain or loss, and will be long-term or short-term depending upon the holding period of the security. With respect to a put or call option that is purchased by a Fund, if the option is sold, any resulting gain or loss will be a capital gain or loss, and will be long-term or short-term, depending upon the holding period of the option. If the option expires, the resulting loss is a capital loss and is long-term or short-term depending upon the holding period of the option. If the option is exercised, the cost of the option, in the case of a call option, is added to the basis of the purchased security and, in the case of a put option, reduces the amount realized on the underlying security in determining gain or loss.

Certain options, futures contracts and forward contracts in which the Funds may invest are “section 1256 contracts.” Gains or losses on section 1256 contracts generally are considered 60% long-term and 40% short-term capital gains or losses; however, foreign currency gains or losses (as discussed below) arising from certain section 1256 contracts may be treated as ordinary income or loss. Also, section 1256 contracts held by a Fund at the end of each taxable year (and, generally, for purposes of the 4% excise tax, on October 31 of each year) are “marked-to-market” (that is, treated as sold at fair market value), resulting in unrealized gains or losses being treated as though they were realized.

Generally, the hedging transactions undertaken by the Funds may result in “straddles” for U.S. Federal income tax purposes. The straddle rules may affect the character of gains (or losses) realized by a Fund. In addition, losses realized by a Fund on positions that are part of a straddle may be deferred under the straddle rules, rather than being taken into account in calculating the taxable income for the taxable year in which the losses are realized. Because only a few regulations implementing the straddle rules have been promulgated, the tax consequences to a Fund of engaging in hedging transactions are not entirely clear. Hedging transactions may increase the amount of short-term capital gain realized by a Fund, which is taxed as ordinary income when distributed to shareholders.

The Funds may make one or more of the elections available under the Code, which are applicable to straddles. If a Fund makes any of the elections, the amount, character and timing of the recognition of gains or losses from the affected straddle positions will be determined under rules that vary according to the election(s) made. The rules applicable under certain of the elections may operate to accelerate the recognition of gains or losses from the affected straddle positions.

Because the straddle rules may affect the character of gains or losses, defer losses and/or accelerate the recognition of gains or losses from the affected straddle positions, the amount which may be distributed to shareholders, and which will be taxed to them as ordinary income or long-term capital gain, may be increased or decreased as compared to a fund that did not engage in such hedging transactions.

Notwithstanding any of the foregoing, a Fund may recognize gain (but not loss) from a constructive sale of certain “appreciated financial positions” if the Fund enters into a short sale, offsetting notional principal contract, futures or forward contract transaction with respect to the appreciated position or substantially identical property. Appreciated financial positions subject to this constructive sale treatment are interests (including options, futures and forward contracts and short sales) in stock, partnership interests, certain actively traded trust instruments and certain debt instruments. Constructive sale treatment does not apply to certain transactions closed in the 90-day period ending with the 30th day after the close of the taxable year, if certain conditions are met.

Currency Fluctuations - "Section 988" Gains or Losses

Under the Code, gains or losses attributable to fluctuations in exchange rates which occur between the time a Fund accrues receivables or liabilities denominated in foreign currency and the time such Fund actually collects such receivables, or pays such liabilities, generally are treated as ordinary income or ordinary loss. Similarly, on disposition of debt securities denominated in a foreign currency, and on disposition of certain options, futures and foreign currency contracts, gains or losses attributable to fluctuations in the value of foreign currency between the date of acquisition of the security or contract and the date of disposition also are treated as ordinary gain or loss. These gains or losses, referred to under the Code as "Section 988" gains or losses, may increase or decrease the amount of a Fund's investment company taxable income to be distributed to its shareholders as ordinary income.

Short Sales

Unless certain constructive sale rules (discussed more fully above) apply, a Fund will not realize gain or loss on a short sale of a security until it closes the transaction by delivering the borrowed security to the lender. All or a portion of any gain arising from a short sale may be treated as short-term capital gain, regardless of the period for which a Fund held the security used to close the short sale. In addition, a Fund's holding period for any security which is substantially identical to that which is sold short may be reduced or eliminated as a result of the short sale. In many cases, as described more fully under "Options and Hedging Transactions" above, a Fund is required to recognize gain (but not loss) upon entering into a short sale with respect to an appreciated security that such Fund owns, as though such Fund constructively sold the security at the time of entering into the short sale. Similarly, if a Fund enters into a short sale of property that becomes substantially worthless, the Fund will recognize gain at that time as though it had closed the short sale. Future Treasury regulations may apply similar treatment to other transactions with respect to property that becomes substantially worthless.

Passive Foreign Investment Companies

If a Fund invests in stock of certain passive foreign investment companies, such Fund may be subject to U.S. Federal income taxation on a portion of any "excess distribution" with respect to, or gain from the disposition of, such stock. The tax would be determined by allocating such distribution or gain ratably to each of such Fund's holding period for the stock. The distribution or gain so allocated to any taxable year of a Fund, other than the taxable year of the excess distribution or disposition, would be taxed to such Fund at the highest ordinary income tax rate in effect for such year, and the tax would be further increased by an interest charge to reflect the value of the tax deferral deemed to have resulted from the ownership of the foreign company's stock. Any amount of distribution or gain allocated to the taxable year of the distribution or disposition would be included in such Fund's investment company taxable income and, accordingly, would not be taxable to that Fund to the extent distributed by such Fund as a dividend to its shareholders.

A Fund may be able to make an election, in lieu of being taxable in the manner described above, to include annually in income its pro rata share of the ordinary earnings and net capital gain of the passive foreign investment company, regardless of whether it actually received any distributions from the foreign company. These amounts would be included in a Fund's investment company taxable income and net capital gain which, to the extent distributed by such Fund as ordinary or capital gain dividends, as the case may be, would not be taxable to that Fund. In order to make this election, such Fund would be required to obtain certain annual information from the foreign investment companies in which it invests, which in many cases may be difficult to obtain. Alternatively, a Fund may be able to elect to mark to market its passive foreign investment company stock, resulting in the stock being treated as sold at fair market value on the last business day of each tax year. Any resulting gain would be reported as ordinary income; any resulting loss and any loss from an actual disposition of the stock would be reported as ordinary loss to the extent of any net marked-to-market gains reported in prior years.

Foreign Withholding Taxes

Income received by a Fund from sources within foreign countries may be subject to withholding and other taxes imposed by such countries. If more than 50% of the value of a Fund's total assets at the close of its taxable year consists of securities of foreign corporations, the Fund will be eligible to elect to "pass-through" to the Fund's shareholders the amount of foreign income and similar taxes paid by the Fund. If this election is made, a shareholder

generally subject to tax will be required to include in gross income (in addition to taxable dividends actually received) his pro rata share of the foreign taxes paid by the Fund, and may be entitled either to deduct (as an itemized deduction) his or her pro rata share of foreign taxes in computing his taxable income or to use it (subject to limitations) as a foreign tax credit against his or her U.S. federal income tax liability. No deduction for foreign taxes may be claimed by a shareholder who does not itemize deductions. Each shareholder will be notified within 60 days after the close of the Fund's taxable year whether the foreign taxes paid by the Fund will "pass-through" for that year.

Generally, a credit for foreign taxes is subject to the limitation that it may not exceed the shareholder's U.S. tax attributable to his or her total foreign source taxable income. For this purpose, if the pass-through election is made, the source of a Fund's income will flow through to the Fund's shareholders. With respect to such Fund, gains from the sale of securities will be treated as derived from U.S. sources and certain currency fluctuation gains, including fluctuation gains from foreign currency-denominated debt securities, receivables and payables will be treated as ordinary income derived from U.S. sources. The limitation on the foreign tax credit is applied separately to foreign source passive income, and to certain other types of income. Shareholders may be unable to claim a credit for the full amount of their proportionate share of the foreign taxes paid by the Fund. Various other limitations, including a minimum holding period requirement, apply to limit the credit and/or deduction for foreign taxes for purposes of regular federal tax and/or alternative minimum tax.

Backup Withholding

A Fund may be required to withhold U.S. Federal income tax, currently at the rate of 28% of all taxable distributions payable to shareholders who fail to provide such Fund with their correct taxpayer identification number or to make required certifications, or who have been notified by the Internal Revenue Service that they are subject to backup withholding. Corporate shareholders and certain other shareholders specified in the Code generally are exempt from such backup withholding. Backup withholding is not an additional tax. Any amounts withheld may be credited against the shareholder's U.S. Federal income tax liability.

Foreign Shareholders

U.S. taxation of a shareholder who, as to the United States, is a nonresident alien individual, a foreign trust or estate, a foreign corporation or foreign partnership ("foreign shareholder") depends on whether the income of a Fund is "effectively connected" with a U.S. trade or business carried on by the shareholder.

Income Not Effectively Connected. If the income from the Fund is not "effectively connected" with a U.S. trade or business carried on by the foreign shareholder, distributions of investment company taxable income and short-term capital gains will be subject to a U.S. tax of 30% (or lower treaty rate, except in the case of any excess inclusion income allocated to the shareholder), which tax is generally withheld from such distributions.

Distributions of long-term capital gains and any amounts retained by a Fund which are designated as undistributed long-term capital gains will not be subject to U.S. tax at the rate of 30% (or lower treaty rate) unless the foreign shareholder is a nonresident alien individual and is physically present in the United States for more than 182 days during the taxable year and meets certain other requirements. However, this 30% tax on capital gains of nonresident alien individuals who are physically present in the United States for more than the 182 day period only applies in exceptional cases because any individual present in the United States for more than 182 days during the taxable year is generally treated as a resident for U.S. income tax purposes; in that case, he or she would be subject to U.S. income tax on his or her worldwide income at the graduated rates applicable to U.S. citizens, rather than the 30% U.S. tax. In the case of a foreign shareholder who is a nonresident alien individual, a Fund may be required to withhold U.S. income tax at a rate of 30% of distributions of net capital gains unless the foreign shareholder certifies his or her non-U.S. status under penalties of perjury or otherwise establishes an exemption. See "Taxation – Backup Withholding," above. If a foreign shareholder is a nonresident alien individual, any gain such shareholder realizes upon the sale or exchange of such shareholder's shares of a Fund in the United States will ordinarily be exempt from U.S. tax unless (i) the gain is U.S. source income and such shareholder is physically present in the United States for more than 182 days during the taxable year and meets certain other requirements, or is otherwise considered to be a resident alien of the United States, or (ii) at any time during the shorter of the period during which the foreign shareholder held shares of a Fund and the five year period ending on the date of the disposition of those shares, such

Fund was a "U.S. real property holding corporation" and the foreign shareholder held more than 5% of the shares of that Fund, in which event the gain would be taxed in the same manner as for a U.S. shareholder, as discussed above, and a 10% U.S. withholding tax would be imposed on the amount realized on the disposition of such shares to be credited against the foreign shareholder's U.S. income tax liability on such disposition. A corporation is a "U.S. real property holding corporation" if the fair market value of its U.S. real property interests equals or exceeds 50% of the fair market value of such interests plus its interests in real property located outside the United States plus any other assets used or held for use in a business. In the case of a Fund, U.S. real property interests include interests in stock in U.S. real property holding corporations and certain participating debt securities.

Income Effectively Connected. If the income from a Fund is "effectively connected" with a U.S. trade or business carried on by a foreign shareholder, then distributions of investment company taxable income and capital gain dividends, any amounts retained by a Fund which are designated as undistributed capital gains and any gains realized upon the sale or exchange of shares of a Fund will be subject to U.S. income tax at the graduated rates applicable to U.S. citizens, residents and domestic corporations. Foreign corporate shareholders may also be subject to the branch profits tax imposed by the Code.

The tax consequences to a foreign shareholder entitled to claim the benefits of an applicable tax treaty might differ from those described herein. Foreign shareholders are advised to consult their own tax advisers with respect to the particular tax consequences to them of an investment in a Fund.

Other Taxation

Fund shareholders may be subject to state, local and foreign taxes on their Fund distributions. Shareholders are advised to consult their own tax advisers with respect to the particular tax consequences to them of an investment in a Fund.

COUNSEL AND INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Legal matters in connection with the issuance of the shares of each Fund offered hereby will be passed on by Dechert LLP, 1775 I St., N.W., Washington, DC 20006-2401.

PricewaterhouseCoopers has been appointed as the independent registered public accounting firm for the Funds.

FINANCIAL STATEMENTS

AQR Diversified Arbitrage Fund Statement of Assets and Liabilities December 2, 2008

ASSETS:

Cash	\$100,000
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Total assets	\$100,000
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Net assets	\$100,000
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NET ASSETS CONSIST OF:

Paid-in capital

\$100,000

Net assets

\$100,000

SHARES ISSUED AND OUTSTANDING:

Class N Shares (10,000 shares issued and outstanding)

\$10,000.00

Class N Shares Net Asset Value per share (par value of \$0.001)

\$10.00

See notes to statement of assets and liabilities

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AQR Diversified Arbitrage Fund

Notes to Statement of Assets and Liabilities

December 2, 2008

1. Organization

AQR Funds (“Trust”), organized as a Delaware statutory trust on September 4, 2008, is a diversified, open-end management investment company, under the Investment Company Act of 1940, as amended (“the 1940 Act”). As of December 2, 2008, the Trust consists of one series, the AQR Diversified Arbitrage Fund (“the Fund”). The Fund intends to offer two classes of shares, an Institutional Class (“Class I”) and the Investor Class (“Class N”) shares. Both classes have equal rights and voting privileges, except in matters affecting a single class. The Fund’s investment objective is to invest using “alternative investment” strategies such as merger arbitrage, convertible arbitrage and other forms of arbitrage.

AQR Capital Management, LLC (“AQR” or the “Adviser”) serves as the investment adviser to the Fund. AQR is registered with the Securities Exchange Commission (“SEC”) as an investment adviser pursuant to the Investment Advisers Act of 1940. The Trust and the Adviser have retained CNH Partners, LLC (“CNH”), an affiliate of the Adviser, to serve as an investment sub-adviser to the Fund. CNH is registered with the SEC as an investment adviser pursuant to the Investment Advisers Act of 1940.

The Fund has no operations to date other than matters relating to the sale and issuance of 10,000 Class N shares to the Adviser for a purchase price of \$100,000 on December 2, 2008. As of December 2, 2008, the Adviser owned 100% of the outstanding shares of beneficial interest in the Fund.

2. Significant Accounting Policies

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of assets and liabilities. Actual results could differ from those estimates.

The Fund intends to qualify as a “regulated investment company” under Subchapter M of the Internal Revenue Code. If so qualified, the Fund will not be subject to federal income tax to the extent it distributes substantially all of its net investment income and capital gains to shareholders.

All shareholders bear the common expenses of the Fund and earn income including realized gains/losses from the portfolio pro rata based on the average daily net assets of each class, without distinction between share classes. Shareholders of each class also bear certain expenses that pertain to that particular class.

Most of the Trust’s expenses will be directly attributable to specific funds in the Trust. Expenses which cannot be directly attributed are apportioned among each fund in the Trust pro rata based on the average daily net assets of each fund.

3. Investment Management

The Fund has entered into an Investment Advisory Agreement with the Adviser. Subject to the oversight of the Fund’s Board of Trustees, the Adviser is responsible for the general management and administration, either directly or through others selected by it, of the Fund.

Pursuant to the Investment Advisory Agreement, the Adviser receives an annual fee, payable monthly, at the annual rate of 0.70% of the Fund’s average daily net assets. The Trust and the Adviser have retained CNH to serve as an investment sub-adviser to the Fund. Pursuant to the Sub-Advisory Agreement between CNH, the Adviser and the Trust, the Adviser will pay CNH an annual fee, payable monthly, at the annual rate of 0.70% of the Fund’s average daily net assets.

AQR Diversified Arbitrage Fund**Notes to Statement of Assets and Liabilities****December 2, 2008**

The Adviser also provides a wide range of services to the Fund and their shareholders under a separate Shareholder Services Agreement. These services include, among others, access to performance information reporting, analysis and explanations of Fund reports as well as electronic access to Fund information. In addition, AQR may, from time to time, compensate third parties (including financial intermediaries) from the fees AQR receives under the Shareholder Services Agreement for non-distribution shareholder services such third parties provide to clients or customers that are shareholders of the Funds. Pursuant of the Shareholder Services Agreement, the Adviser receives an annual fee, payable monthly, at the annual rate of 0.30% and 0.35% of the average daily net assets of the Class I and Class N shares, respectively.

The Investment Advisory, Sub-Advisory and Shareholder Services Agreements were approved by the Independent Trustees of the Trust at the Trust's organizational meeting on November 25, 2008.

4. Plan of Distribution (12b-1 Fees)

The Trust has adopted a Plan of Distribution ("Plan") pursuant to Rule 12b-1 under the 1940 Act with respect to the Class N shares of the Fund. The Plan allows for the payment of services related to the distribution and servicing of these shares at a rate of up to 0.25% per annum of the average daily net asset value of the Class N shares of the Fund.

5. Expense Limitation

The Trust and the Adviser have entered into a Fee Waiver and Expense Reimbursement Agreement whereby the Adviser has agreed to waive its fee and/or reimburse the Fund for the initial two year term of the Fund to the extent that the expense ratios for Class I and Class N shares exceed 1.20% and 1.50% respectively. The expense ratio for each class represents the ratio of the total annual operating expenses of the class (excluding interest, taxes, dividend expense, borrowing costs, interest expense relating to short sales and extraordinary expenses, if any) to the average net assets of the class.

The Fee Waiver and Expense Reimbursement Agreement will allow the Adviser to recover waived fees or reimbursements made to the extent that the Fund's expense ratios fall below the above indicated expense limitations. The amounts that can be recovered will be limited to the difference between the actual expense ratio and the amount of the expense limitation. Under such agreement, a repayment can be payable only to the extent it can be made during the 36 months following the applicable period during which the Adviser waived fees or reimbursed the Fund. This agreement can be extended year to year thereafter provided such continuance is specifically approved by a majority of the Independent Trustees.

6. Other Service Providers

Bank of New York Mellon serves as the Fund's Administrator, Custodian and Accounting Agent. ALPS Fund Services, Inc. serves as the Fund's Transfer Agent, and ALPS Distributors, Inc. serves as the Fund's Distributor.

7. Organizations and Offering Costs

Expenses incurred in connection with organizing and the offering of the Trust and the Fund will be paid for by the Advisers. The Trust and the Fund do not have an obligation to reimburse the Adviser or its affiliates for organizational and offering expenses paid on their behalf. Costs incurred in connection with the organization of the Trust and the Fund are approximately \$532,000.

8. Purchases and Redemption of Shares

Investors may purchase shares of the Fund at their net asset value (“NAV”), based on the next calculation of the NAV after the order is placed. Neither the Fund nor the distributor charges a sales charge or other transaction fee to purchase shares, although other institutions may impose transaction fees on shares purchased through them.

Redemption requests will be processed at the next NAV calculated after the Fund, its Transfer Agent, or your investment representative receives your sell order. If a redemption request is received on a business day prior to 4:00 pm (Eastern Time), proceeds will normally be wired to the shareholder within three business days, provided that the Fund’s Custodian is also open for business. The Fund will charge a redemption fee of 1% of redemption proceeds on Class I and Class N shares held for 60 days or less. The Fund charges this fee in order to discourage short-term investors. The Fund retains this fee for the benefit of the remaining shareholders.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholder of
The AQR Diversified Arbitrage Fund:

In our opinion, the accompanying statement of assets and liabilities presents fairly, in all material respects, the financial position of AQR Diversified Arbitrage Fund (the “Fund”) at December 2, 2008, in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Fund’s management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this financial statement in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
New York, New York
December 12, 2008

REGISTRATION STATEMENT

The Prospectus and this Statement of Additional Information are not an offering of the securities herein described in any state in which such offering may not be lawfully made. No salesman, dealer, or other person is authorized to give any information or make any representation other than those contained in the Prospectus and this Statement of Additional Information.

PROXY VOTING POLICIES AND PROCEDURES

1. General

Investment Advisers Act of 1940 Rule 206(4)-6 imposes a number of requirements on investment advisers that have voting authority with respect to securities held in their clients' accounts. The SEC states that the duty of care requires an adviser with proxy voting authority to monitor corporate actions and to vote the proxies. To satisfy its duty of loyalty, an adviser must cast the proxy votes in a manner consistent with the best interests of its clients, and must never put the adviser's own interests above those of its clients.

These written policies and procedures are designed to reasonably ensure that AQR votes proxies in the best interest of clients over whom AQR has voting authority; and describes how AQR addresses material conflicts between its interests and those of its clients with respect to proxy voting.

2. Proxy Guidelines

Generally, AQR will vote based upon the recommendations of RiskMetrics Group - ISS Governance Services ("ISS"), an unaffiliated third party corporate governance research service that provides in-depth analyses of shareholder meeting agendas, vote recommendations, recordkeeping and vote disclosure services. Although ISS' analyses are reviewed and considered in making a final voting decision, AQR will make the ultimate decision. As a matter of policy, the employees, officers, or principals of AQR will not be influenced by outside sources whose interests conflict with the interests of its Clients.

In addition, unless prior approval is obtained from AQR's CCO the following must be adhered to:

- (a) AQR shall not engage in conduct that involves an attempt to change or influence the control of a public company. In addition, all communications regarding proxy issues or corporate actions between companies or their agents, or with fellow shareholders shall be for the sole purpose of expressing and discussing AQR's concerns for its advisory clients' interests and not for an attempt to influence or control management.
- (b) AQR will not announce its voting intentions and the reasons therefore.
- (c) AQR shall not participate in a proxy solicitation or otherwise seek proxy-voting authority from any other public company shareholder.

AQR has the responsibility to process proxies and maintain proxy records pursuant to SEC rules and regulations. Therefore, AQR will attempt to process every vote it receives for all domestic and foreign proxies. However, there may be situations in which AQR cannot vote proxies. For example:

If the cost of voting a proxy outweighs the benefit of voting, AQR may refrain from processing that vote.

AQR may not be given enough time to process the vote. For example ISS through no fault of its own, may receive a meeting notice from the company too late, or may be unable to obtain a timely translation of the agenda.

If AQR has outstanding sell orders or intends to sell, the proxies for those meetings may not be voted in order to facilitate the sale of those securities. Although AQR may hold shares on a company's record date, should it sell them prior to the company's meeting date, AQR ultimately may decide not to vote those shares.

AQR will generally refrain from voting proxies on foreign securities that are subject to share blocking restrictions.

AQR may vote against an agenda item where no further information is provided, particularly in non-U.S. markets. AQR may also enter an “abstain” vote on the election of certain directors from time to time based on individual situations, particularly where AQR is not in favor of electing a director and there is no provision for voting against such director.

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If an AQR portfolio manager determines that the interests of clients are best served by voting differently from the ISS recommended vote, approval must be obtained from the CCO or designee. AQR will adhere to the Conflict of Interest (below) section of this policy in all instances where the recommended vote is not taken.

AQR will periodically review the outside party's voting standards and guidelines to make certain that proxy issues are voted in accordance with the adopted proxy voting guidelines and the avoidance of conflicts of interest.

3. Proxy Procedures

AQR has engaged ISS to assist in the administrative aspects for the voting of proxies. ISS is responsible for coordinating with Clients' custodians to ensure that all proxy materials received by the custodians relating to the Clients' portfolio securities are processed in a timely fashion. To the extent applicable, ISS votes all proxies in accordance with its own proxy voting guidelines (please see Proxy Guidelines above), which have been reviewed and adopted by AQR. The CCO shall supervise the proxy voting process.

Upon request, AQR will furnish a copy of the policies and procedures to the requesting client and information on how the client's proxies were voted.

4. Conflicts of Interest

Occasions may arise where a person or organization involved in the proxy voting process may have a conflict of interest. A conflict of interest may exist, for example, if AQR has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Any individual with knowledge of a personal conflict of interest (e.g., familial relationship with company management) relating to a particular referral item shall disclose that conflict to the CCO and otherwise remove him or herself from the proxy voting process. The CCO will review each item referred to by AQR's investment professionals to determine if a conflict of interest exists and will draft a Conflicts Report for each referral item that (1) describes any conflict of interest; (2) discusses the procedures used to address such conflict of interest; and (3) discloses any contacts from parties outside AQR (other than routine communications from proxy solicitors) with respect to the referral item not otherwise reported in an investment professional's recommendation. The Conflicts Report will also include written confirmation that any recommendation from an investment professional provided under circumstances where a conflict of interest exists was made solely on the investment merits and without regard to any other consideration.

PART C
OTHER INFORMATION

Item 23. Exhibits

- (a)
 - (1) Certificate of Trust as filed with the State of Delaware on September 4, 2008.¹
 - (2) Declaration of Trust dated as of September 4, 2008.¹
- (b) Bylaws of the Registrant.¹
- (c) The Trust does not issue Certificates. See Article III, “Meetings of Shareholders,” and Article VIII, “Inspection of Records and Reports” of Registrant’s Bylaws.¹ See Article III, “Shares,” and Article V, “Shareholders’ Voting Powers and Meetings” of Declaration of Trust of the Registrant.¹
- (d)
 - (1) Investment Advisory Agreement between Registrant and AQR Capital Management, LLC dated December 4, 2008.*
 - (2) Sub-Advisory Agreement among the Registrant, AQR Capital Management, LLC and CNH Partners, LLC dated December 4, 2008.*
- (e) Distribution Agreement dated December 8, 2008.*
- (f) Not Applicable.
- (g)
 - (1) Custody Agreement dated December 2, 2008.*
 - (2) Foreign Custody Manager Agreement dated December 2, 2008.*
- (h)
 - (1) Fund Administration and Accounting Agreement dated December 5, 2008.*
 - (2) Transfer Agency and Service Agreement dated December 8, 2008.*
 - (3) Shareholder Services Agreement dated December 4, 2008.*
 - (4) Securities Lending Agreement.**
 - (5) Transfer Agency Interactive Client Services Agreement.**
 - (6) Fee Waiver and Expense Reimbursement Agreement dated December 10, 2008.*
- (i) Opinion and Consent of Counsel with respect to the legality of shares being issued. *

- (j) Consent of Independent Registered Public Accounting Firm.*
- (k) Not Applicable.
- (l) Initial Capital Agreement.*
- (m) Plan of Distribution.*
- (n) Multiple Class Plan.*
- (o) Reserved.
- (p)
 - (1) Code of Ethics of AQR Funds.*
 - (2) Code of Ethics of AQR Capital Management, LLC and CNH Partners, LLC.*
 - (3) Code of Ethics of ALPS Distributor, Inc.*

Other Exhibit: Powers of Attorney of John M. Liew, Timothy K. Armour, Steven Grenadier and L. Joe Moravy.

* Filed herewith.

** To be filed by Post-Effective Amendment.

¹ Incorporated by reference from the Registrant's initial Registration Statement, SEC File No. 333-153445, filed September 11, 2008.

Item 24. Persons Controlled by or Under Common Control with the Fund

No person is controlled by or under common control with the Registrant.

Item 25. Indemnification

Article VII, Section 2 of the Declaration of Trust provides as follows:

A Trustee, when acting in such capacity, shall not be personally liable to any person other than the Trust or a beneficial owner for any act, omission or obligation of the Trust or any Trustee. A Trustee shall not be liable for any act or omission or any conduct whatsoever in his capacity as Trustee, provided that nothing contained herein or in the Delaware Act shall protect any Trustee against any liability to the Trust or to Shareholders to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of the office of Trustee hereunder. No Trustee who has been determined to be an "audit committee financial expert" (for purposes of Section 407 of the Sarbanes-Oxley Act of 2002 or any successor provision thereto) by the Board of Trustees shall be subject to any greater liability or duty of care in discharging such Trustee's duties and responsibilities by virtue of such determination than is any Trustee who has not been so designated.

Article VII, Section 3 of the Declaration of Trust provides as follows:

- (a) For purposes of this Section 3 and Section 5 of this Article VII and any related provisions of the By-laws, “Agent” means any Person who is, was or becomes an employee or other agent of the Trust who is not a Covered Person; “Proceeding” means any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including appeals); and “liabilities” and “expenses” include, without limitation, attorneys’ fees, costs, judgments, amounts paid in settlement, fines, penalties and all other liabilities whatsoever.
- (b) Subject to the exceptions and limitations contained in this Section, as well as any procedural requirements set forth in the By-Laws:
- (i) every person who is, has been, or becomes a Trustee or officer of the Trust (hereinafter referred to as a “Covered Person”) shall be indemnified by the Trust to the fullest extent permitted by law against any and all liabilities and expenses reasonably incurred or paid by him in connection with the defense of any Proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been such a Trustee or officer, and against amounts paid or incurred by him in the settlement thereof;
 - (ii) every Person who is, has been, or becomes an Agent of the Trust may, upon due approval of the Trustees (including a majority of the Trustees who are not Interested Persons of the Trust), be indemnified by the Trust, to the fullest extent permitted by law, against any and all liabilities and expenses reasonably incurred or paid by him in connection with the defense of any Proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been an Agent, and against amounts paid or incurred by him in the settlement thereof;
 - (iii) every Person who is serving or has served at the request of the Trust as a director, officer, partner, trustee, employee, agent or fiduciary of another domestic or foreign corporation, partnership, joint venture, trust, other enterprise or employee benefit plan (“Other Position”) and who was or is a party or is threatened to be made a party to any Proceeding by reason of alleged acts or omissions while acting within the scope of his or her service in such Other Position, may, upon due approval of the Trustees (including a majority of the Trustees who are not Interested Persons of the Trust), be indemnified by the Trust, to the fullest extent permitted by law, against any and all liabilities and expenses reasonably incurred or paid by him in connection with the defense of any Proceeding in which he becomes involved as a party or otherwise by virtue of his being or having held such Other Position, and against amounts paid or incurred by him in the settlement thereof;
- (c) Without limitation of the foregoing and subject to the exceptions and limitations set forth in this Section, as well as any procedural requirements set forth in the By-Laws, the Trust shall indemnify each Covered Person who was or is a party or is threatened to be made a party to any Proceedings, by reason of alleged acts or omissions within the scope of his or her service as a Covered Person, against judgments, fines, penalties, settlements and reasonable expenses (including attorneys’ fees) actually incurred by him in connection with such proceeding to the maximum extent consistent with state law and the 1940 Act.
- (d) No indemnification shall be provided hereunder to any Person who shall have been adjudicated by a court or body before which the proceeding was brought (i) to be liable to the Trust or its Shareholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office (collectively, “Disabling Conduct”) or (ii) not to have acted in good faith in the reasonable belief that his action was in the best interest of the Trust.
- (e) The Trust’s financial obligations arising from the indemnification provided herein or in the By-Laws (i) may be insured by policies maintained by the Trust; (ii) shall be severable; (iii) shall not be exclusive of or affect any other rights to which any Person may now or hereafter be entitled; and (iv) shall continue as to a Person who has ceased to be subject to indemnification as provided in this Section as to acts or omissions that occurred while the Person was indemnified as provided herein and shall inure to the benefit of the heirs, executors and administrators of such Person. Nothing contained herein shall affect any rights to indemnification to which Trust personnel, other than Covered Persons, may be entitled, and other persons may be entitled by contract or otherwise under law.

- (f) Expenses of a Person entitled to indemnification hereunder in connection with the defense of any Proceeding of the character described in paragraphs (a) and (b) above may be advanced by the Trust or Series from time to time prior to final disposition thereof upon receipt of an undertaking by or on behalf of such Person that such amount will be paid over by him to the Trust or Series if it is ultimately determined that he is not entitled to indemnification under this Section 3; provided, however, that either (i) such Person shall have provided appropriate security for such undertaking, (ii) the Trust is insured against losses arising out of any such advance payments, or (iii) either a majority of the Trustees who are neither Interested Persons of the Trust nor parties to the matter, or independent legal counsel in a written opinion, shall have determined, based upon a review of readily available facts (as opposed to a trial-type inquiry or full investigation), that there is reason to believe that such Person will be found entitled to indemnification under Section 3.

Article VII, Section 1 of the By-Laws provides as follows:

With respect to any Proceeding disposed of (whether by settlement, pursuant to a consent decree or otherwise) without an adjudication by the court or other body before which the Proceeding was brought, no indemnification shall be provided hereunder or pursuant to the Declaration of Trust to a Trustee, officer, Agent or other Person unless there has been a dismissal of the Proceeding by the court or other body before which it was brought for insufficiency of evidence of any Disabling Conduct with which such Trustee, officer, Agent or other Person has been charged or a determination that such Trustee, officer, Agent or other Person did not engage in Disabling Conduct:

- (i) by the court or other body before which the Proceeding was brought;
- (ii) by at least a majority of those Trustees who are neither Interested Persons of the Trust nor are parties to the Proceeding based upon a review of readily available facts (as opposed to a full trial-type inquiry); or
- (iii) by written opinion of independent legal counsel based upon a review of readily available facts (as opposed to a full trial-type inquiry).

Item 26. Business and Other Connections of the Investment Adviser

The Registrant's investment adviser, AQR Capital Management, LLC ("Adviser") is a Delaware limited liability company that serves as investment adviser to the AQR Funds and provides investment supervisory services. Adviser is a Delaware limited liability company. Additional information as to Adviser and its management is included in Adviser's Form ADV filed with the U.S. Securities and Exchange Commission ("SEC") (File No. 801-55543), which is incorporated herein by reference and sets forth the officers and members of Adviser and information as to any business, profession, vocation or employment of a substantial nature engaged in by Adviser and such officers and directors during the past two years.

The Registrant's sub-adviser, CNH Partners, LLC ("Sub-Adviser") is a Delaware limited liability company that serves as investment sub-adviser to AQR Funds with respect to AQR Diversified Arbitrage Fund. Additional information as to Sub-Adviser and the management of Sub-Adviser is included in Sub-Adviser's Form ADV filed with the SEC (File No. 801-60678), which is incorporated herein by reference and sets forth the officers and members of Sub-Adviser and information as to any business, profession, vocation or employment of a substantial nature engaged in by Sub-Adviser and such officers and members during the past two years.

Item 27. Principal Underwriters

- (a) ALPS Distributors, Inc. acts as the distributor for the Registrant and the following investment companies: AARP Funds, ALPS ETF Trust, ALPS Variable Insurance Trust, Ameristock Mutual Fund, Inc., BLDRS Index Fund Trust, Campbell Multi-Strategy Trust, CornerCap Group of Funds, DIAMONDS Trust, Financial Investors Trust, Financial Investors Variable Insurance Trust, Firsthand Funds, Forward Funds, Heartland Group, Inc., HealthShares, Inc., Henssler Funds, Inc., Holland Balanced Fund, Laudus Trust, Milestone Funds, MTB Group of Funds, Pax World Funds, PowerShares QQQ 100 Trust Series 1, Scottish Widows Investment Partnership, SPDR Trust, MidCap SPDR Trust, Select Sector SPDR Trust, State Street Institutional Investment Trust, Stonebridge Funds, Inc., Stone Harbor Investment Funds, TDX Independence Funds, Inc., Utopia Funds, W. P. Stewart Funds, Wasatch Funds, Westcore Trust, Williams Capital Liquid Assets Fund, and WisdomTree Trust.

(b) To the best of Registrant's knowledge, the directors and executive officers of ALPS Distributors, Inc., are as follows:

Edmund J. Burke	Director
Jeremy O. May	Director
Spencer Hoffinan	Director
Thomas Carter	President, Director
Richard Hetzer	Executive Vice President
John C. Donaldson	Vice President, Chief Financial Officer
Diana M. Adams	Vice President, Controller, Treasurer
Robert J. Szydlowski	Vice President, Chief Technology Officer
Tané Tyler	Vice President, General Counsel, Secretary
Brad Swenson	Vice President, Chief Compliance Officer
Kevin J. Ireland	Vice President, Director of Institutional Sales
Mark R. Kiniry	Vice President, National Sales Director-Investments

* The principal business address for each of the above directors and executive officers is 1290 Broadway, Suite 1100, Denver, Colorado 80203.

(c) Not applicable.

Item 28. Location of Accounts and Records

All accounts, books, and other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940, as amended, and the rules promulgated thereunder are maintained at the offices of the: (a) Registrant; (b) Investment Adviser; (c) Sub-Adviser; (d) Principal Underwriter; (e) Transfer Agent; (f) Administrator and Custodian. The address of each is as follows:

- (a) *Registrant*
AQR Funds
Two Greenwich Plaza, 3rd Floor
Greenwich, CT 06830
- (b) *Investment Adviser*
AQR Capital Management, LLC
Two Greenwich Plaza, 3rd Floor
Greenwich, CT 06830
- (c) *Sub-Adviser*
CNH Partners, LLC
Two Greenwich Plaza, 1st Floor
Greenwich, CT 06830
- (d) *Principal Underwriter*
ALPS Distributors, Inc.
1290 Broadway, Suite 1100
Denver, CO 80203
- (e) *Transfer Agent*
ALPS Fund Services, Inc.
1290 Broadway, Suite 1100
Denver, CO 80203
- (f) *Administrator and Custodian*

The Bank of New York Mellon
One Wall Street
New York, NY 10286

Item 29. Management Services

Not Applicable.

Item 30. Undertakings

Not Applicable.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Greenwich, Connecticut, on the 17th day of December, 2008.

AQR Funds

By /s/ Marco Hanig
 Marco Hanig
 President

Pursuant to the requirements of the Securities Act of 1933, the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u> /s/ Marco Hanig </u>	Marco Hanig President (Principal Executive Officer)	December 17, 2008
<u> /s/ John B. Howard </u>	John Howard Treasurer (Principal Financial Officer)	December 17, 2008
<u> * </u>	John M. Liew Trustee	December 17, 2008
<u> * </u>	Timothy K. Armour Trustee	December 17, 2008
<u> * </u>	Steven Grenadier Trustee	December 17, 2008
<u> * </u>	L. Joe Moravy Trustee	December 17, 2008

*By: /s/ Marco Hanig
 Marco Hanig
 Attorney-in-fact for each Trustee

The AQR Funds
Form N-1A Registration Statement

EXHIBIT INDEX

Item Number	Item
Exhibit (d)(1) -	Investment Advisory Agreement
Exhibit (d)(2) -	Sub-Advisory Agreement
Exhibit (e) -	Distribution Agreement
Exhibit (g)(1) -	Custody Agreement
Exhibit (g)(2) -	Foreign Custody Manager Agreement
Exhibit (h)(1) -	Fund Administration and Accounting Agreement
Exhibit (h)(2) -	Transfer Agency and Service Agreement
Exhibit (h)(3) -	Shareholder Services Agreement
Exhibit (h)(6) -	Fee Waiver and Expense Reimbursement Agreement
Exhibit (i) -	Opinion and Consent of Counsel
Exhibit (j)-	Consent of Independent Registered Public Accounting Firm
Exhibit (l) -	Initial Capital Agreement
Exhibit (m) -	Plan of Distribution
Exhibit (n) -	Multiple Class Plan
Exhibit (p)(1) -	Code of Ethics of AQR Funds
Exhibit (p)(2) -	Code of Ethics of AQR Capital Management, LLC and CNH Partners, LLC
Exhibit (p)(3) -	Code of Ethics of ALPS Distributors, Inc.

INVESTMENT ADVISORY AGREEMENT

AQR FUNDS

AGREEMENT, dated and effective as of December 4, 2008, by and between the AQR Funds (“Trust”), a Delaware statutory trust, and AQR Capital Management, LLC (“Adviser”), a Delaware limited liability company.

WHEREAS, the Trust is an open-end management investment company, with multiple series, that is registered with the Securities and Exchange Commission (“SEC”) by means of a registration statement (“Registration Statement”) under the Securities Act of 1933, as amended (“1933 Act”) and under the Investment Company Act of 1940, as amended (“1940 Act”); and

WHEREAS, the Trust wishes to retain the Adviser to render investment advisory services for the series of the Trust set forth in Exhibit A, as may be amended from time to time (each, a “Fund” and together, the “Funds”), and the Adviser is willing to furnish such services to the Funds.

NOW THEREFORE, in consideration of the promises and mutual covenants herein contained, the Trust and Adviser agree as follows:

1. Appointment. The Trust appoints the Adviser to act as investment adviser to the Funds for the periods and on the terms set forth in this Agreement. The Adviser accepts such appointment and agrees to furnish the services and accept the duties and responsibilities set forth in this Agreement for the compensation set forth in Section 6 of this Agreement.

2. Investment Advisory Duties.

(a) Subject to the supervision of the Board of Trustees of the Trust (“Board”), the Adviser, in its discretion, shall:

(i) provide a program of continuous investment management for each of the Funds, including ongoing investment guidance, evaluation, policy direction, analysis, advice, evaluation of statistical, financial and economic data and judgments regarding individual investments, general economic conditions and trends, in accordance with each Fund’s investment objective, principal investment strategies, policies and restrictions as set forth in the prospectus (“Prospectus”) and statement of additional information (“SAI”) for each Fund, as each may be amended or supplemented;

(ii) invest and reinvest the assets of the Funds by selecting the securities, and other financial instruments of United States and foreign entities, including, without limitation, capital stock; shares of beneficial interest; partnership interests and similar financial instruments; currencies; equity and other derivative products, including, without limitation, (i) futures contracts relating to stock indices, currencies, United States Government securities and securities of foreign governments, other financial instruments and all other commodities, (ii) exchange-traded

funds, equity index swaps, currency forward contracts and forward rate agreements, (iii) spot and forward currency transactions and (iv) agreements relating to or securing such transactions; mutual funds; money market funds; obligations of the United States or any state or jurisdiction thereof, foreign governments and instrumentalities of any of them; commercial paper; certificates of deposit; bankers' acceptances; choses in action; trust receipts; and any other obligations and instruments or evidences of indebtedness of whatever kind or nature; in each case, of any person, corporation, government or other entity whatsoever, whether or not publicly traded or readily marketable, that are allowable under the 1940 Act or any rules, regulations of written guidance thereunder;

(iii) determine the portions of each Fund' s portfolio to be invested in securities and other financial instruments or other assets and uninvested or in cash equivalents;

(iv) place orders to purchase, sell and/or exchange securities and other assets for the Funds;

(v) enter into contracts for or in connection with investments in securities and other financial instruments;

(vi) vote all proxies solicited by or with respect to the issuers of securities in which assets of the Funds may be invested in a manner that complies with the Trust' s proxy voting policies and procedures and, in the good faith judgment of the Adviser, best serves the interests of each Fund' s shareholders; and

(vii) cooperate with and provide reasonable assistance to Trust' s other service providers by: (1) keeping them fully informed as to such matters that they may reasonably deem necessary with respect to the performance of their obligations to the Funds, (2) providing prompt responses to reasonable requests for information or assistance and (3) establishing appropriate processes to promote the efficient exchange of information.

(b) The Adviser further agrees that, in performing its duties hereunder, it shall:

(i) comply or act in conformity with: (1) 1940 Act, the Investment Advisers Act of 1940, as amended ("Advisers Act"), the Internal Revenue Code of 1986, as amended ("Code"), and all other applicable laws, rules and regulations; (2) the investment objectives, policies and limitations of each Fund as described in its Prospectus and SAI, as such may be amended or supplemented; and (3) all policies, procedures and other directions adopted by the Board;

(ii) manage each of the Funds that is intended to qualify as a regulated investment company ("RIC") under Subchapter M of the Code and regulations issued thereunder so that the Fund so qualifies and will continue to so qualify;

(iii) furnish the Trust and Board with: (1) information about developments materially affecting the investments and/or portfolio of each Fund; (2) such periodic and special reports regarding each of the Funds and any Sub-Adviser (as defined in Section 3(a) below) as the Board may reasonably request; and (3) such statistical or other information as the Board may reasonably request with respect to the assets or investments of each Fund;

(iv) make available to the Trust and its administrator or other agent, promptly upon request, such copies of the Adviser's investment records and ledgers with respect to each Fund as may be required to assist the Trust in its compliance with applicable laws, rules and regulations;

(v) immediately notify in writing the Trust and the Board in the event that the Adviser or any of its affiliates becomes aware that the Adviser is: (1) subject to a statutory disqualification that prevents the Adviser from serving as investment adviser pursuant to this Agreement; (2) the subject of an investigation, administrative proceeding or enforcement action by the SEC or any other regulatory authority (other than routine examinations conducted in the ordinary-course); or (3) a party to any litigation that may be material to one or more of the Funds;

(vi) immediately notify the Trust of any material fact known to the Adviser respecting or relating to the Adviser or the Funds that is not contained in the Trust's Registration Statement, or any amendment or supplement thereto, but that is required to be disclosed therein, and of any statement contained therein that is or becomes untrue in any material respect;

(vii) make available, without expense to the Funds, the service of the Adviser's principals, members, officers, and employees to be duly elected or appointed officers of the Trust, subject to their individual consent to serve and to any limitations imposed by laws, rules or regulations and the Trust's organizational documents and bylaws;

(viii) provide to the Trust or the Board such information and assurances (including certifications and sub-certifications) as the Trust or the Board may reasonably request from time to time in order to assist the Trust or the Board in complying with applicable laws, rules and regulations, including requirements in connection with the preparation and/or filing of updates to the Funds' Form N-1A and the Funds' Forms N-SARs, N-CSRs, N-Qs, and N-PX, Rule 24f-2 filings, and fidelity bond filings;

(ix) assist as requested in determining the fair value of portfolio securities when market quotations are not readily available (including making knowledgeable personnel of the Adviser available for discussions with the Board and/or any fair valuation committee or like committee appointed by the Board upon reasonable request, obtaining bids and offers or quotes from broker-dealers or market-makers with respect to securities held by the Funds and providing information (upon request) on valuations the Adviser has determined of securities held by other clients of the Adviser), for the purpose of calculating each Fund's net asset value ("NAV") in accordance with the procedures and methods established by the Board; and

(x) meet with the Board to explain its activities at such times and places as the Board may reasonably request.

3. Delegation.

(a) Subject to the approval of the Board and, if required under applicable law, the

shareholders of the Funds, the Adviser may delegate to one or more other investment advisers (“Sub-Adviser(s)”) any or all of its duties or obligations hereunder with respect to part or all of the assets of one or more of the Funds, provided that the Adviser shall oversee, supervise and monitor the performance of all duties and obligations delegated to any Sub-Adviser and any such delegation shall not relieve the Adviser of its duties and obligations under this Agreement.

(b) The Adviser shall be solely responsible for compensating any Sub-Adviser for performing any of the duties and obligations delegated to such Sub-Adviser, provided that the Adviser may request that the Trust directly pay to the Sub-Adviser the portion of the Adviser’s compensation that the Adviser is obligated to pay to the Sub-Adviser. If the Trust agrees to such request, the compensation the Trust pays to the Adviser shall be reduced by amounts paid directly to any Sub-Adviser.

(c) In the event that any Sub-Adviser appointed hereunder is terminated, the Adviser may provide investment advisory services pursuant to this Agreement through its own employees or through another Sub-Adviser as approved by the Trust in accordance with applicable laws, rules, regulations and, if applicable, exemptive relief obtained from the SEC.

4. Use of Brokers and Dealers/Aggregation of Orders.

(a) Subject to any other written instructions of the Board, the Adviser is hereby appointed as the Funds’ agent and attorney-in-fact with authority to act in regard to the investment, reinvestment and management of the Funds’ assets, including, but not limited to, (i) the authority to place orders for the execution of such securities transactions with or through such brokers, dealers or issuers as the Adviser may select; and (ii) the authority to execute and enter into brokerage contracts, and other trading agreements on behalf of the Funds and perform such functions as it considers reasonable, necessary or convenient in order to carry out the purposes of this Agreement; provided that, the Adviser’s actions in executing such documents shall comply with federal regulations, all other federal laws applicable to registered investment advisors and the Adviser’s duties and obligations under this Agreement and the Funds’ governing documents. Notwithstanding anything to the contrary in this Agreement and subject to sub-paragraph (c) below, except as otherwise specified by notice from the Funds to the Adviser, the Adviser may place orders for the execution of transactions hereunder with or through any broker, dealer, futures commission merchant, bank or any other agent or counterparty that the Adviser may select in its own discretion.

(b) The Adviser may open and maintain brokerage accounts of all types on behalf of and in the name of the Funds. The Adviser may enter into customer agreements with brokers and direct payments of cash, cash equivalents and securities and other property into such brokerage accounts as the Adviser deems desirable or appropriate.

(c) The Adviser shall use its best efforts to seek to obtain the best overall terms available for portfolio transactions for each Fund. In assessing the best overall terms available for any transaction, the Adviser shall consider all factors that it deems relevant, including but not limited to the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any), the operational efficiency with which

transactions are effected (taking into account the size of order and difficulty of execution, the financial strength, integrity and stability of the broker), the Funds' risk in positioning a block of securities, the quality, comprehensiveness and frequency of available research services considered to be of value, the breadth in the market for the security, and the reasonableness of the commission, if any, both for the specific transaction and on a continuing basis. Subject to such policies as the Board may determine and consistent with Section 28(e) of the Securities Exchange Act of 1934, as amended ("1934 Act"), the Adviser shall not be deemed to have acted unlawfully or to have breached any duty created by this Agreement or otherwise solely by reason of its having caused the Funds to pay a broker or dealer, acting as agent, for effecting a portfolio transaction at a price in excess of the amount of commission another broker or dealer would have charged for effecting that transaction, if the Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and/or research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Adviser's (or its affiliates') overall responsibilities with respect to the Funds and to its other clients as to which it exercises investment discretion.

(d) The Adviser may, but shall not be obligated to, aggregate or bunch orders for the purchase or sale of investments for the Funds with orders for its other clients where: (1) such aggregation or bunching of order is not inconsistent with a Fund's investment objectives, policies and procedures, (2) the allocation of the investments so purchased or sold, as well as the expenses incurred in any such transaction, shall be made by the Adviser in a manner that is fair and equitable in the judgment of the Adviser, and (3) the Adviser shall be cognizant of its fiduciary obligations to the Funds and each of its other clients and shall enter into such transactions only where the rights of each client are considered and protected.

(e) To the extent that the Adviser retains one or more Sub-Advisers, the Adviser shall monitor the use by each Sub-Adviser of brokers and dealers to execute trades in securities on behalf of the Funds to determine whether (i) such Sub-Advisers are seeking to obtain the best overall terms available for portfolio transactions for each relevant Fund and (ii) any transactions with such broker or dealers that are intended to comply with Section 28(e) of the 1934 Act and in compliance with applicable requirements.

5. Allocation of Charges and Expenses.

(a) Except as otherwise specifically provided in this Section 5, the Adviser shall pay the compensation and expenses of: (1) the executive, supervisory and clerical personnel necessary to perform its obligations under this Agreement, as well as related overhead, travel, preparation of Board materials on behalf of the Adviser, review of marketing materials and marketing support; (2) any Sub-Adviser; and (3) Trustees, officers and executive employees of the Trust (including the Trust's share of payroll taxes, if any) who are principals, members, officers, or employees of the Adviser, including any officer or employee of the Adviser that may be selected by the Board to serve as the chief compliance officer ("CCO") of the Trust.

(b) The Adviser shall bear all reasonable expenses of the Trust, if any, arising out of an assignment or change in control of the Adviser. In the event that there is a proposed change in control of the Adviser that would act to terminate this Agreement, and if a vote of shareholders to

approve continuation of this Agreement is at that time deemed by counsel to the Trust to be required by the 1940 Act or any rule or regulation thereunder, the Adviser agrees to assume all reasonable costs associated with soliciting shareholders of the Funds to approve continuation of this Agreement. Such expenses include the costs of preparation and mailing of a proxy statement, and of soliciting proxies.

(c) Except to the extent expressly assumed by the Adviser or required under applicable laws, rules or regulations to be paid, assumed or reimbursed by the Adviser, the Adviser shall have no duty to pay any ordinary or extraordinary operating expenses incurred in the organization and operation of the Funds.

(i) For this purpose, ordinary operating expenses include, but are not limited to, brokerage commissions and other transaction charges; taxes; legal, auditing, printing and governmental fees; litigation and investigation expenses; the costs of maintaining the Funds' financial books and records; the cost of calculating the Funds' NAV; the costs of insurance relating to fidelity and directors and officers errors and omissions coverage for the Trust's Trustees, officers and employees; telephone, telex, facsimile, postage and other communications expenses; fees and expenses of service providers of the Trust (other than any Sub-Adviser); expenses of issue, sale, redemption and repurchase of shares of the Funds; expenses of registering and qualifying shares of the Funds for sale; expenses relating to Board and shareholder meetings (other than meetings relating to matters that are determined to primarily benefit the Adviser); the cost of preparing and distributing reports and notices to shareholders; the costs of notices about and payment of dividends to shareholders; payments for portfolio pricing or valuation services to pricing agents; the compensation and all expenses of Trustees, officers and employees of the Trust who are not interested persons of the Adviser; and interest payments and other fees or charges associated with any credit facilities established by or on behalf of the Funds.

(ii) For this purpose, extraordinary expenses of the Funds include, but not limited to taxes, transaction expenses and expenses of or relating to litigation, investigation and indemnification that are not otherwise considered to be ordinary operating expenses of the Funds.

(d) In the event that any expenses of the Funds as described in Section 5(c) above are paid by the Adviser, the Fund or Funds (as applicable) shall reimburse the Adviser for the reasonable amount of such expenses.

6. Compensation.

(a) As compensation for the services provided and expenses assumed by the Adviser under this Agreement, the Trust shall pay the Adviser a fee at the annual rate for each Fund as set forth in Exhibit A. This fee will be computed daily and paid to the Adviser monthly. Except as may otherwise be prohibited by law or regulation (including, without limitation any current SEC staff interpretation), the Adviser may, in its discretion and from time to time, reimburse, limit or waive all or a portion of its advisory fee.

(b) For purposes of this Section 6, the “average daily net assets” of a Fund shall mean the average of the values placed on the Fund’s net assets as of the close of the Fund’s business (or such other time as a Fund may lawfully elect) on each Fund business day during the calendar month. If the Fund suspends the determination of net asset value on one or more business days, the value of the net assets of the Fund as last determined shall be deemed to be the value of its net assets on each such day.

7. Books, Records and Regulatory Filings.

(a) The Adviser agrees to maintain such books and records with respect to its services to the Trust as are required by Section 31 under the 1940 Act, and rules adopted thereunder, and by other applicable laws, rules and regulations, and to preserve such records for the periods and in the manner required by such applicable laws, rules or regulations.

(b) The Adviser agrees that records it maintains and preserves pursuant to Rules 31a-1 and Rule 31a-2 under the 1940 Act and otherwise in connection with its services hereunder are the property of the Trust and shall be surrendered promptly to the Trust upon its request, provided, however, that the Adviser may maintain copies of all such books and records for regulatory purposes.

(c) The Adviser agrees that it shall furnish to regulatory authorities having the requisite authority any information or reports in connection with its services hereunder that may be requested by them in order to determine whether the operations of the Funds are being conducted in accordance with applicable laws, rules and regulations.

(d) The Adviser shall make all filings with the SEC required of it pursuant to Section 13 of the 1934 Act with respect to its duties as are set forth herein. The Adviser also shall make all required filings on Forms 13D and 13G (as well as other filings triggered by ownership in securities under other applicable laws, rules and regulations) as may be required of the Funds due to the activities of the Adviser. The Adviser shall coordinate with the Trust as appropriate with respect to the making of such filings.

8. Standard of Care, Limitation of Liability and Indemnification.

(a) The Adviser shall exercise its best judgment in rendering the services provided by it under this Agreement. The Adviser shall not be liable for any error of judgment or mistake of law or for any loss suffered by any Funds or the shareholders of the Funds in connection with the matters to which this Agreement relates, The Adviser may consult with counsel and accountants in respect of the Funds’ affairs and shall not be liable for any action or inaction reasonably taken in accordance with the advice or opinion of such counsel or accountants, provided that such counsel and accountants shall have been selected with reasonable care and diligence. Under no circumstances shall any party hereto be liable to another for special, punitive or consequential damages, arising under or in connection with this Agreement, even if previously informed of the possibility of such damages. Notwithstanding any other provision in this Agreement, nothing in this Agreement shall be deemed to protect or purport to protect the Adviser against any liability to the Trust, the Funds or to shareholders of the Funds to which the Adviser would otherwise be

subject by reason of breach of this Agreement or willful misfeasance, bad faith or gross negligence on its part in the performance of its duties or by reason of the Adviser's reckless disregard of its obligations and duties under this Agreement.

(b) Notwithstanding any other provision of this Agreement, the Adviser shall not be liable for any loss to the Funds caused directly or indirectly by circumstances beyond the Adviser's reasonable control including, but not limited to, government restrictions, exchange or market rulings, suspensions of trading, acts of civil or military authority, national emergencies, earthquakes, floods or other catastrophes, acts of God, wars or failures of communication or power supply, provided that: (1) the Adviser has implemented and maintains a business continuity plan that is deemed to be reasonable and appropriate by the Board, (2) the business continuity plan complies with applicable laws, rules and regulations, and (3) the Adviser uses its best efforts to mitigate losses of the Funds.

(c) The Adviser agrees to indemnify and hold harmless the Trust any affiliated persons within the meaning of Section 2(a)(3) under the 1940 Act of the Trust (other than the Adviser and its affiliates), and each person who, within the meaning of Section 15(c) of the 1933 Act, controls ("controlling person") the Trust (other than the Adviser or its affiliates, if the Adviser or such affiliate is found to control the Trust) (collectively, "Indemnified Persons") against any and all losses, claims, damages, liabilities or litigation (including reasonable legal and other expenses) to which the Indemnified Persons may become subject under applicable laws, rules and regulations, at common law or otherwise, arising out of the Adviser's responsibilities to the Funds which may be based on any willful misfeasance, bad faith or gross negligence on the Adviser's part in the performance of its duties or by reason of the Adviser's reckless disregard of its obligations and duties under this Agreement or otherwise for breach of this Agreement. Promptly after receipt by the Indemnified Persons under this Section 8 of notice of the commencement of an action, such Indemnified Party will, if a claim in respect thereof is to be made against the other party (the "Indemnifying Party") under this section, notify Indemnifying Party of the commencement thereof; but the omission so to notify (or the delay in notifying) the Indemnifying Party will not relieve it from any liability that it may have to any Indemnified Party, except to the extent that the Indemnifying Party suffers material damage as a result of the omission. In case any such action is brought against any Indemnified Party, and it notified Indemnifying Party of the commencement thereof, Indemnifying Party will be entitled to participate therein and, to the extent that it may wish, assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party. After notice from Indemnifying Party of its intention to assume the defense of an action, the Indemnified Party shall bear the expenses of any additional counsel obtained by it, and Indemnifying Party shall not be liable to such Indemnified Party under this section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation.

(d) As used in this Section 8 (other than the obligation of the Adviser to indemnify the Trust set forth in Section 8(c)), the term "Adviser" shall include any principals, members, officers, employees or other affiliates of the Adviser performing the services provided for in this Agreement with respect to the Funds.

9. Other Activities of the Adviser. It is understood that the services of the Adviser are not exclusive, and that nothing in this Agreement shall prevent the Adviser, its affiliates and their respective principals, members, employees, officers or directors (in their individual capacities) from providing similar services to other investment companies or to other clients or from engaging in other activities, provided such other services and activities do not, during the term of this Agreement, interfere with the Adviser's ability to meet its obligations to the Trust and Funds. If the Adviser, its affiliates and their respective principals, members, employees, officers or directors (in their individual capacities) provides any advice to its clients concerning investment in the shares of a Fund, such person shall act solely for such clients in that regard and not in any way on behalf of the Trust or the Funds. It is understood that the Adviser, its affiliates and their respective members, employees, officers or directors (in their individual capacities) may give advice and take action for its other clients that may differ from advice given, or the timing or nature of action taken, for the Funds. The Adviser is not obligated to initiate transactions for the Funds in any security that the Adviser, its affiliates and their respective principals, members, employees, officers or directors (in their individual capacities) may purchase or sell for its or their own accounts or other clients.

10. Compliance Matters.

(a) The Adviser understands and agrees that it is a "service provider" to the Trust as contemplated by Rule 38a-1 under the 1940 Act. As such, the Adviser agrees to cooperate fully with the Trust and its Trustees and officers, including the Trust's CCO, with respect to (1) any and all compliance-related matters, and (2) the Trust's efforts to assure that each of its service providers adopts and maintains policies and procedures that are reasonably designed to prevent violation of the "federal securities laws", as that term is defined by Rule 38a-1, by the Trust and the Adviser. In this regard, the Adviser shall:

(i) submit to the Board for its consideration and approval, prior to commencement of the Funds' operations, the Adviser's applicable compliance policies and procedures;

(ii) submit to the Board for its consideration and approval, annually (and at such other times as the Trust may reasonably request), a report ("Report") fully describing any material amendments to Adviser's compliance policies and procedures since the more recent of: (1) the Board's approval of such policies and procedures or (2) the most recent Report;

(iii) provide periodic reports discussing the Adviser's compliance program and special reports in the event of material compliance matters;

(iv) permit the Trust and its Trustees and officers to become familiar with the Adviser's operations and understand those aspects of the Adviser's operations that may expose the Trust to compliance risks or lead to a violation by the Trust or the Adviser of the federal securities laws;

(v) permit the Trust and its Trustees and officers to maintain an active working relationship with the Adviser's compliance personnel by, among other things, providing the Trust's CCO and other officers with a specified individual within the Adviser's organization to discuss and address compliance-related matters;

(vi) provide the Trust and its Trustees and CCO with such certifications as may be reasonably requested; and

(vii) reasonably cooperate with the Trust's independent public accountants and shall take all reasonable action in the performance of its obligations under this Agreement to assure that access to all reasonably necessary information and the appropriate personnel are made available to such accountants, to support the expression of the accountant's opinion and their review of the appropriate internal controls and operations, as such may be required from time to time.

(b) The Adviser represents, warrants and covenants that it has implemented and shall maintain a compliance program that complies with the requirements of Rule 206(4)-7 under the Advisers Act.

11. Documents. The parties hereto acknowledge that the Trust has provided copies of each of the following documents to the Adviser and shall deliver to the Adviser all future amendments and supplements thereto, if any:

- (a) certified resolution of the Board authorizing the appointment of the Adviser and approving this Agreement and
- (b) the current Registration Statement and any amendments thereto.

12. Duration and Termination.

(a) This Agreement shall continue with respect to each Fund for a period of two years from the commencement date for each Fund specified on Exhibit A, and thereafter shall continue automatically for successive annual periods, provided such continuance is specifically approved at least annually by: (1) the Board or (2) a vote of a majority of the Fund's outstanding voting securities (as defined in the 1940 Act), provided that in either event the continuance is also approved by a majority of the Trustees who are not (i) parties to this Agreement or (ii) "interested persons" (as defined in the 1940 Act) of any party to this Agreement, by vote cast in person (to the extent required by the 1940 Act) at a meeting called for the purpose of voting on such approval.

(b) Notwithstanding the foregoing, this Agreement may be terminated without penalty with respect to any Fund upon sixty (60) days' written notice: (1) by the Trust, pursuant to (i) action of the Board or (ii) the vote of a majority of the Fund's outstanding voting securities, or (2) by the Adviser. This Agreement will also terminate automatically in the event of its assignment (as defined in the 1940 Act).

(c) If the Adviser or any successor to its business shall cease to furnish services to the Funds under this Agreement or similar contractual arrangement, for any reason whatsoever, the Funds, at their expense:

- (i) as promptly as practicable, shall take all necessary action to cause the Prospectus and the Certificate of Trust, Declaration of Trust, Bylaws and any other relevant documentation to be amended to accomplish a change of name to eliminate any reference to "AQR Capital Management, LLC"; and

(ii) within 60 days after the termination of this Agreement or such similar contractual arrangement, shall cease to use in any other manner, including, but not limited to, use in any sales literature or promotional material, the name “AQR Capital Management, LLC” or any name, mark or logo type derived from it or similar to it or indicating that the Funds are managed by or otherwise associated with the Adviser.

13. Confidential Information. Each party agrees that it will treat confidentially all information provided by the other party regarding such other party’s business and operations, including without limitation the investment activities or holdings of each Fund. All confidential information provided by a party hereto shall not be disclosed to any unaffiliated third party without the prior consent of the providing party. The foregoing shall not apply to any information that is public when provided or thereafter becomes public through no wrongful act of the recipient or which is required to be disclosed by any regulatory authority in the lawful and appropriate exercise of its jurisdiction over a party, by any auditor of the parties hereto, by judicial or administrative process or otherwise by applicable laws, rules or regulations. The Adviser retains all rights in and to any investment models, strategies and approaches used by or on behalf of the Funds and any models, strategies or approaches based upon or derived from them.

14. Representations. The Adviser represents, warrants and covenants that:

(a) it is a duly registered investment adviser under the Advisers Act and shall remain so registered for the term of this Agreement; and

(b) it shall promptly notify the Trust in writing if it:

(1) fails to remain registered as an investment adviser under the Advisers Act or in a substantially equivalent manner under the laws of any jurisdiction in which it is required to be so registered in order to perform its obligations under this Agreement;

(2) is disqualified from serving as investment manager of an investment company pursuant to Section 9(a) of the 1940 Act or otherwise;

(3) is served or otherwise receives notice of any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, involving the affairs of the Trust; and

(4) experiences a change in control and/or management.

15. Notices. All notices hereunder shall be provided in writing and delivered by first class postage pre-paid U.S. mail or by fax. Notices delivered by mail shall be deemed given three days after mailing and upon receipt if sent by fax.

If to the Trust:

AQR FUNDS

TWO GREENWICH PLAZA, 3RD FLOOR

GREENWICH, CT 06830

FAX (203) 742-3100

If to the Adviser:

AQR CAPITAL MANAGEMENT, LLC

TWO GREENWICH PLAZA, 3RD FLOOR

GREENWICH, CT 06830

FAX (203) 742-3100

16. Amendments. This Agreement may be amended in writing signed by the parties to this Agreement in a manner that is in accordance with applicable laws, rules and regulations.

17. Release. The names "AQR Funds" and "Board of Trustees of the AQR Funds" refer respectively to the Trust created by the Declaration of Trust and the Trustees as Trustees but not individually or personally. All parties hereto acknowledge and agree that any and all liabilities of the Trust arising, directly or indirectly, under this Agreement will be satisfied solely out of the assets of the Trust and that no Trustee or officer or shareholder of the Trust shall be personally liable for any such liabilities. All persons dealing with any Fund of the Trust must look solely to the property belonging to such Fund for the enforcement of any claims against the Trust.

18. Miscellaneous.

(a) This Agreement shall be governed by applicable federal laws, rules and regulations and the laws of the State of Delaware without regard to the conflicts of law provisions thereof; provided, however that nothing herein shall be construed as being inconsistent with the 1940 Act, the Advisers Act or other applicable federal law. Where the effect of a requirement of the 1940 Act, Advisers Act or other applicable federal law reflected in any provision of this Agreement is altered by a new or changed rule, regulation or order of the SEC, whether of special or general application, such provision shall be deemed to incorporate the effect of such rule, regulation or order.

(b) The captions of this Agreement are included for convenience only and in no way define or limit any of the provisions hereof or otherwise affect their construction or effect.

(c) If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected hereby and, to this extent, the provisions of this Agreement shall be deemed to be severable.

(d) This Agreement may be executed in several counterparts, all of which together shall for all purposes constitute one Agreement, binding on all parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their officers designated below as of the date first set forth above.

AQR FUNDS

By: /s/ Brendan Kalb

Name: Brendan Kalb

Title: Secretary

AQR CAPITAL MANAGEMENT, LLC

By: /s/ Bradley Asness

Name: Bradley Asness

Title: Principal and General Counsel

EXHIBIT A**Name of Series****Commencement Date****Advisory Fee**

Each fee will be based on the average daily net assets of the Fund managed by the Adviser, and calculated as described in Section 6 of the Agreement.

AQR Global Equity Fund	_____, 2008	0.40% (Class N, I and Y Shares)
AQR International Equity Fund	_____, 2008	0.45% (Class N, I and Y Shares)
AQR International Small Cap Fund	_____, 2008	0.70% (Class N, I and Y Shares)
AQR Emerging Markets Fund	_____, 2008	0.70% (Class N, I and Y Shares)
AQR Equity Plus Fund	_____, 2008	0.70% (Class N and I Shares)
AQR Small Cap Core Fund	_____, 2008	0.70% (Class N and I Shares)
AQR Small Cap Growth Fund	_____, 2008	0.70% (Class N and I Shares)
AQR Diversified Arbitrage Fund	_____, 2008	0.70% (Class N and I Shares)

INVESTMENT SUB-ADVISORY AGREEMENT

AQR FUNDS

AGREEMENT, dated and effective as of December 4, 2008, by and among AQR Funds (“Trust”), a Delaware statutory trust, AQR Capital Management, LLC (“Adviser”), a Delaware limited liability company, and CNH Partners, LLC, a Delaware limited liability company (“Sub-Adviser”).

WHEREAS, the Trust is an open-end management investment company, with multiple series, that is registered with the Securities and Exchange Commission (“SEC”) by means of a registration statement (“Registration Statement”) under the Securities Act of 1933, as amended (“1933 Act”) and under the Investment Company Act of 1940, as amended (“1940 Act”); and

WHEREAS, the Trust has retained the Adviser to render investment advisory services to it, on behalf of its series, pursuant to an Investment Advisory Agreement dated as of December 4, 2008, as may be amended from time to time (“Advisory Agreement”);

WHEREAS, the Advisory Agreement authorizes the Adviser, subject to the approval of the Board of Trustees of the Trust (“Board”) and, if required under applicable law, the shareholders of the series of the Trust, to delegate to one or more other investment advisers any or all of the Adviser’s duties and obligations under the Advisory Agreement with respect to part or all of the assets of one or more of the series; and

WHEREAS, the Adviser wishes to retain the Sub-Adviser to render investment advisory services for all or a portion of the assets of the series of the Trust set forth in Exhibit A, as may be amended from time to time (each, a “Fund” and together, the “Funds”), and the Sub-Adviser is willing to furnish such services to the Funds.

NOW THEREFORE, in consideration of the promises and mutual covenants herein contained, the Adviser, the Sub-Adviser and the Trust agree as follows:

1. Appointment. The Adviser appoints the Sub-Adviser to act as investment sub-adviser to the Funds for the periods and on the terms set forth in this Agreement. The Trust represents that it has accepted such appointment. The Sub-Adviser accepts such appointment and agrees to furnish the services and accept the duties and responsibilities set forth in this Agreement for the compensation set forth in Section 5 of this Agreement.

2. Investment Advisory Duties.

(a) Subject to the general supervision of the Board of Trustees of the Trust (“Board”) and the direct supervision of the Adviser, the Sub-Adviser, using such discretion as is granted to it by the Adviser, shall:

(i) provide a program of continuous investment management for each of the Funds, including ongoing investment guidance, evaluation, policy direction, analysis, advice, evaluation of statistical, financial and economic data and judgments regarding individual

investments, general economic conditions and trends, in accordance with each Fund' s investment objective, principal investment strategies, policies and restrictions as set forth in the prospectus (“Prospectus”) and statement of additional information (“SAI”) for each Fund, as each may be amended or supplemented;

(ii) invest and reinvest the assets of the Funds by selecting the securities, and other financial instruments of United States and foreign entities, including, without limitation, capital stock; shares of beneficial interest; partnership interests and similar financial instruments; currencies; equity and other derivative products, including, without limitation, (i) futures contracts relating to stock indices, currencies, United States Government securities and securities of foreign governments, other financial instruments and all other commodities, (ii) exchange-traded funds, equity index swaps, currency forward contracts and forward rate agreements, (iii) spot and forward currency transactions and (iv) agreements relating to or securing such transactions; mutual funds; money market funds; obligations of the United States or any state or jurisdiction thereof, foreign governments and instrumentalities of any of them; commercial paper; certificates of deposit; bankers' acceptances; choses in action; trust receipts; and any other obligations and instruments or evidences of indebtedness of whatever kind or nature; in each case, of any person, corporation, government or other entity whatsoever, whether or not publicly traded or readily marketable, that are allowable under the 1940 Act or any rules, regulations of written guidance thereunder;

(iii) determine the portions of each Fund' s portfolio to be invested in securities and other financial instruments or other assets and uninvested or in cash equivalents;

(iv) place orders to purchase, sell and/or exchange securities and other assets for the Funds;

(v) enter into contracts for or in connection with investments in securities and other financial instruments; and

(vi) cooperate with and provide reasonable assistance to the Adviser and the Trust' s other service providers by: (1) keeping them fully informed as to such matters that they may reasonably deem necessary with respect to the performance of their obligations to the Funds, (2) providing prompt responses to reasonable requests for information or assistance and (3) establishing appropriate processes to promote the efficient exchange of information.

(b) The Sub-Adviser further agrees that, in performing its duties hereunder, it shall:

(i) cooperate fully with the Adviser in sharing portfolio management responsibilities and advisory discretion with the Adviser, where the Adviser has granted only partial or dual discretion with respect to a Fund' s assets.

(ii) comply or act in conformity with: (1) the 1940 Act, the Investment Advisers Act of 1940, as amended (“Advisers Act”), the Internal Revenue Code of 1986, as amended (“Code”), and all other applicable laws, rules and regulations; (2) the investment objectives, policies and limitations of each Fund as described in its Prospectus and SAI, as such

may be amended or supplemented; and (3) all policies, procedures and other directions adopted by the Board, including the Trust's Rule 38a-1 policies and procedures, and/or the Adviser and provided to the Sub-Adviser;

(iii) manage each of the Funds that is intended to qualify as a regulated investment company ("RIC") under Subchapter M of the Code and regulations issued thereunder so that the Fund so qualifies and will continue to so qualify;

(iv) furnish the Adviser, the Trust and the Board with: (1) information about developments materially affecting the investments and/or portfolio of each Fund; (2) such periodic and special reports regarding each of the Funds and the Sub-Adviser as the Adviser and/or the Board may reasonably request; and (3) such statistical or other information as the Adviser and/or the Board may reasonably request with respect to the assets or investments of each Fund;

(v) make available to the Adviser, the Trust and its administrator or other agent, promptly upon request, such copies of the Sub-Adviser's investment records and ledgers with respect to each Fund as may be required to assist the Trust in its compliance with applicable laws, rules and regulations;

(vi) immediately notify in writing the Trust, the Board and the Adviser in the event that the Sub-Adviser or any of its affiliates becomes aware that the Sub-Adviser is: (1) subject to a statutory disqualification that prevents the Sub-Adviser from serving as investment adviser pursuant to this Agreement; (2) the subject of an investigation, administrative proceeding or enforcement action by the SEC or any other regulatory authority (other than routine examinations conducted in the ordinary course); or (3) a party to any litigation that may be material to one or more of the Funds;

(vii) immediately notify the Trust and the Adviser of any material fact known to the Sub-Adviser respecting or relating to the Sub-Adviser or the Funds that is not contained in the Trust's Registration Statement, or any amendment or supplement thereto, but that is required to be disclosed therein, and of any statement contained therein that is or becomes untrue in any material respect;

(viii) make available, without expense to the Funds, the service of the Sub-Adviser's principals, members, officers, and employees to be duly elected or appointed officers of the Trust, subject to their individual consent to serve and to any limitations imposed by laws, rules or regulations and the Trust's organizational documents and bylaws;

(ix) provide to the Adviser, the Trust or the Board such information and assurances (including certifications and sub-certifications) as the Adviser, the Trust or the Board may reasonably request from time to time in order to assist the Adviser, the Trust or the Board in complying with applicable laws, rules and regulations, including requirements in connection with the preparation and/or filing of updates to the Funds' Form N-1A and the Funds' Forms N-SARs, N-CSRs, N-Qs, and N-PX, Rule 24(f)(2) filings, and fidelity bond filings;

(x) (1) monitor the portfolio securities and notify the Adviser or its designee on any day that the Sub-Adviser determines, in its sole discretion, that a significant event has occurred with respect to one or more portfolio securities held by a Fund which would likely have a significant effect on the price of such security which is not reflected in that security's price and (2) provide information to the Adviser and/or the Board or any valuation committee appointed by the Board ("Valuation Committee") to assist them, as requested, in determining the fair value of portfolio securities when market quotations are not readily available (including making knowledgeable personnel of the Sub-Adviser available for discussions with the Adviser and the Board and/or the Valuation Committee upon reasonable request, obtaining bids and offers or quotes from broker-dealers or market makers with respect to securities held by the Funds and providing information (upon request) on valuations the Sub-Adviser has determined of securities held by other clients of the Sub-Adviser), for the purpose of calculating each Fund's net asset value ("NAV") in accordance with the procedures and methods established by the Board.

(xi) meet with the Board to explain its activities at such times and places as the Board may reasonably request; and

(xii) not consult with any other investment sub-adviser of the Trust (if any), or with the sub-adviser to any other investment company (or separate series thereof) managed by the Adviser concerning the Fund's transactions in securities or other assets, except for purposes of complying with the conditions of Rule 12d3-1(a) and (b) under the 1940 Act.

(c) The Sub-Adviser shall not be responsible for voting proxies solicited by or with respect to the issuers of securities in which assets of the Funds may be invested.

3. Use of Brokers and Dealers/Aggregation of Orders.

(a) Subject to any other written instructions of the Board and/or the Adviser, the Sub-Adviser is hereby appointed as the Funds' agent and attorney-in-fact with authority to act in regard to the investment, reinvestment and management of the Funds' assets, including, but not limited to (i) the authority to place orders for the execution of such securities transactions with or through such brokers, dealers or issuers as the Sub-Adviser may reasonably select; and (ii) the authority to execute and enter into brokerage contracts, and other trading agreements on behalf of the Funds and perform such functions as it considers reasonable, necessary or convenient in order to carry out the purposes of this Agreement; provided that, the Sub-Adviser's actions in executing such documents shall comply with federal regulations, all other federal laws applicable to registered investment advisors and the Sub-Adviser's duties and obligations under this Agreement and the Funds' governing documents. Notwithstanding anything to the contrary in this Agreement and subject to sub-paragraph (c) below, except as otherwise specified by notice from the Funds to the Sub-Adviser, the Sub-Adviser may place orders for the execution of transactions hereunder with or through any broker, dealer, futures commission merchant, bank or any other agent or counterparty that the Sub-Adviser may select in its own discretion.

(b) The Sub-Adviser may open and maintain brokerage accounts of all types on behalf of and in the name of the Funds. The Sub-Adviser may enter into customer agreements with brokers and direct payments of cash, cash equivalents and securities and other property into such brokerage accounts as the Sub-Adviser deems desirable or appropriate.

(c) The Sub-Adviser shall use its best efforts to seek to obtain the best overall terms available for portfolio transactions for each Fund. In assessing the best overall terms available for any transaction, the Sub-Adviser shall consider all factors that it deems relevant, including but not limited to the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any), the operational efficiency with which transactions are effected (taking into account the size of order and difficulty of execution, the financial strength, integrity and stability of the broker), the Funds' risk in positioning a block of securities, the quality, comprehensiveness and frequency of available research services considered to be of value, the breadth in the market for the security, and the reasonableness of the commission, if any, both for the specific transaction and on a continuing basis. Subject to such policies as the Board and the Adviser may determine and consistent with Section 28(e) of the Securities Exchange Act of 1934, as amended ("1934 Act"), the Sub-Adviser shall not be deemed to have acted unlawfully or to have breached any duty created by this Agreement or otherwise solely by reason of its having caused the Funds to pay a broker or dealer, acting as agent, for effecting a portfolio transaction at a price in excess of the amount of commission another broker or dealer would have charged for effecting that transaction, if the Sub-Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and/or research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Sub-Adviser' s (or its affiliates') overall responsibilities with respect to the Funds and to its other clients as to which it exercises investment discretion.

(d) The Sub-Adviser may, but shall not be obligated to, aggregate or bunch orders for the purchase or sale of investments for the Funds with orders for its other clients where: (1) such aggregation or bunching of order is not inconsistent with a Fund' s investment objectives, policies and procedures, (2) the allocation of the investments so purchased or sold, as well as the expenses incurred in any such transaction, shall be made by the Sub-Adviser in a manner that is fair and equitable in the judgment of the Sub-Adviser, and (3) the Sub-Adviser shall be cognizant of its fiduciary obligations to the Funds and each of its other clients and shall enter into such transactions only where the rights of each client are considered and protected.

4. Allocation of Charges and Expenses.

(a) Except as otherwise specifically provided in this Section 4, the Sub-Adviser shall pay the compensation and expenses of: (1) the executive, supervisory and clerical personnel necessary to perform its obligations under this Agreement, as well as related overhead, travel, preparation of Board materials for the benefit of the Sub-Adviser, review of marketing materials and marketing support; and (2) Trustees, officers and executive employees of the Trust (including the Trust' s share of payroll taxes, if any) who are principals, members, officers, or employees of the Sub-Adviser.

(b) Upon request by the Adviser, the Sub-Adviser agrees to reimburse the Adviser or the Trust for costs associated with generating and distributing any supplement or amendment to the Prospectuses or SAIs for any Fund ("Supplement") when the Sub-Adviser is given a copy of

a draft of such Supplement and fails to promptly disclose to the Trust and the Adviser facts then known to the Sub-Adviser or its personnel that would require disclosure (or amendments to disclosure) in the Fund' s Prospectuses or SAIs in time for such disclosure or amendments to disclosure to be included in such Supplement.

(c) The Sub-Adviser shall bear all reasonable expenses of the Trust, if any, arising out of an assignment or change in control of the Sub-Adviser. In the event that there is a proposed change in control of the Sub-Adviser that would act to terminate this Agreement, and if (1) the Sub-Adviser wishes to continue providing services to the Trust and (2) a vote of shareholders to approve continuation of this Agreement is at that time deemed by counsel to the Trust to be required by the 1940 Act or any rule or regulation thereunder, the Sub-Adviser agrees to assume all reasonable costs associated with soliciting shareholders of the Funds to approve continuation of this Agreement. Such expenses include the costs of preparation and mailing of a proxy statement, and of soliciting proxies.

(d) Except to the extent expressly assumed by the Sub-Adviser or required under applicable laws, rules or regulations to be paid, assumed or reimbursed by the Sub-Adviser, the Sub-Adviser shall have no duty to pay any ordinary or extraordinary operating expenses incurred in the organization and operation of the Funds.

(i) For this purpose, ordinary operating expenses include, but are not limited to, brokerage commissions and other transaction charges; taxes; legal, auditing, printing and governmental fees; litigation and investigation expenses; the costs of maintaining the Funds' financial books and records; the cost of calculating the Funds' NAV; the costs of insurance relating to fidelity and directors and officers errors and omissions coverage for the Trust' s Trustees, officers and employees; telephone, telex, facsimile, postage and other communications expenses; fees and expenses of service providers of the Trust (other than any Sub-Adviser); expenses of issue, sale, redemption and repurchase of shares of the Funds; expenses of registering and qualifying shares of the Funds for sale; expenses relating to Board and shareholder meetings (other than meetings relating to matters that are determined to primarily benefit the Adviser or Sub-Adviser); the cost of preparing and distributing reports and notices to shareholders; the costs of notices about and payment of dividends to shareholders; payments for portfolio pricing or valuation services to pricing agents; the compensation and all expenses of Trustees, officers and employees of the Trust who are not interested persons of the Adviser or Sub-Adviser; and interest payments and other fees or charges associated with any credit facilities established by or on behalf of the Funds.

(ii) For this purpose, extraordinary expenses of the Funds include, but are not limited to taxes, transaction expenses and expenses of or relating to litigation, investigation and indemnification that are not otherwise considered to be ordinary operating expenses of the Funds.

(e) In the event that any expenses of the Funds as described in Section 4(d) above are paid by the Sub-Adviser, the Adviser may reimburse the Sub-Adviser for the reasonable amount of such expenses.

5. Compensation.

(a) As compensation for the services provided and expenses assumed by the Sub-Adviser under this Agreement, the Adviser shall pay or arrange for the payment to the Sub-Adviser a fee at the annual rate for each Fund as set forth in Exhibit A. This fee will be computed daily and paid to the Sub-Adviser monthly. Payments shall be out of the resources of the Adviser.

(b) Except as may otherwise be prohibited by law or regulation (including, without limitation any current SEC staff interpretation), the Sub-Adviser may, in its discretion and from time to time, reimburse, limit or waive all or a portion of its sub-advisory fee.

(c) For purposes of this Section 5, the “average daily net assets” of a Fund shall mean the average of the values placed on the Fund’ s net assets as of the close of the Fund’ s business (or such other time as a Fund may lawfully elect) on each Fund business day during the calendar month. If the Fund suspends the determination of NAV on one or more business days, the value of the net assets of the Fund as last determined shall be deemed to be the value of its net assets on each such day.

6. Books, Records and Regulatory Filings.

(a) The Sub-Adviser agrees to maintain such books and records with respect to its services to the Trust and Adviser as are required by Section 31 under the 1940 Act, and rules adopted thereunder, and by other applicable laws, rules and regulations, and to preserve such records for the periods and in the manner required by such applicable laws, rules or regulations.

(b) The Sub-Adviser agrees that records it maintains and preserves pursuant to Rules 31a-1 and Rule 31a-2 under the 1940 Act and otherwise in connection with its services hereunder are the property of the Trust and shall be surrendered promptly to the Trust upon its request, provided, however, that the Sub-Adviser may maintain copies of all such books and records for regulatory purposes.

(c) The Sub-Adviser agrees that it shall furnish to regulatory authorities having the requisite authority any information or reports in connection with its services hereunder that may be requested by them in order to determine whether the operations of the Funds are being conducted in accordance with applicable laws, rules and regulations.

(d) The Sub-Adviser shall make all filings with the SEC required of it pursuant to Section 13 of the 1934 Act with respect to its duties as are set forth herein. The Sub-Adviser also shall make all required filings on Forms 13D and 13G (as well as other filings triggered by ownership in securities under other applicable laws, rules and regulations) as may be required of the Funds due to the activities of the Sub-Adviser. The Sub-Adviser shall coordinate with the Adviser and the Trust as appropriate with respect to the making of such filings.

7. Standard of Care, Limitation of Liability and Indemnification.

(a) The Sub-Adviser shall exercise its best judgment in rendering the services provided by it under this Agreement. The Sub-Adviser shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Adviser, a Fund or the shareholders of the Fund in connection with the matters to which this Agreement relates. The Sub-Adviser may consult with counsel and accountants in respect of the Funds' affairs and shall not be liable for any action or inaction reasonably taken in accordance with the advice or opinion of such counsel or accountants, provided that such counsel and accountants shall have been selected with reasonable care and diligence. Under no circumstances shall any party hereto be liable to another for special, punitive or consequential damages, arising under or in connection with this Agreement, even if previously informed of the possibility of such damages. Notwithstanding any other provision in this Agreement, nothing in this Agreement shall be deemed to protect or purport to protect the Sub-Adviser against any liability to the Adviser, the Trust, the Funds or to shareholders of the Funds to which the Sub-Adviser would otherwise be subject by reason of breach of this Agreement or willful misfeasance, bad faith or gross negligence on its part in the performance of its duties or by reason of the Sub-Adviser' s reckless disregard of its obligations and duties under this Agreement.

(b) Notwithstanding any other provision of this Agreement, the Sub-Adviser shall not be liable for any loss to the Adviser or the Funds caused directly or indirectly by circumstances beyond the Sub-Adviser' s reasonable control including, but not limited to, government restrictions, exchange or market rulings, suspensions of trading, acts of civil or military authority, national emergencies, earthquakes, floods or other catastrophes, acts of God, wars or failures of communication or power supply, provided that: (1) the Sub-Adviser has implemented and maintains a business continuity plan that is deemed to be reasonable and appropriate by the Board, (2) the business continuity plan complies with applicable laws, rules and regulations, and (3) the Sub-Adviser uses its best efforts to mitigate losses of the Funds and the Adviser.

(c) The Sub-Adviser agrees to indemnify and hold harmless the Adviser and the Trust and any affiliated persons within the meaning of Section 2(a)(3) under the 1940 Act of the Adviser and Trust (other than the Sub-Adviser), and each person who, within the meaning of Section 15(c) of the 1933 Act, controls the Adviser and/or Trust (other than the Sub-Adviser, to the extent that the Sub-Adviser is found to control the Trust or Adviser) (collectively, the "Adviser Indemnified Persons") against any and all losses, claims, damages, liabilities or litigation (including reasonable legal and other expenses) to which the Adviser Indemnified Persons may become subject under applicable laws, rules and regulations, at common law or otherwise, arising out of the Sub-Adviser' s responsibilities to the Funds and the Adviser which may be based on any willful misfeasance, bad faith or gross negligence on the Sub-Adviser' s part in the performance of its duties or by reason of the Sub-Adviser' s reckless disregard of its obligations and duties under this Agreement or otherwise for breach of this Agreement. Promptly after receipt by an Adviser Indemnified Person of notice of the commencement of an action, such Adviser Indemnified Person will, if a claim in respect thereof is to be made against the party obligated to provide indemnification ("Indemnifying Party") under this section, notify Indemnifying Party of the commencement thereof; but the omission so to notify (or the delay in notifying) the Indemnifying Party will not relieve it from any liability that it may have to any

Adviser Indemnified Person, except to the extent that the Indemnifying Party suffers material damage as a result of the omission. In case any such action is brought against any Adviser Indemnified Person, and it notified Indemnifying Party of the commencement thereof, Indemnifying Party will be entitled to participate therein and, to the extent that it may wish, assume the defense thereof, with counsel reasonably satisfactory to such Adviser Indemnified Person. After notice from Indemnifying Party of its intention to assume the defense of an action, the Adviser Indemnified Person shall bear the expenses of any additional counsel obtained by it, and Indemnifying Party shall not be liable to such Adviser Indemnified Person under this section for any legal or other expenses subsequently incurred by such Adviser Indemnified Person in connection with the defense thereof other than reasonable costs of investigation.

(f) As used in this Section 7 (other than the obligation of the Sub-Adviser to indemnify the Trust set forth in Section 7(c)), the term "Sub-Adviser" shall include any principals, members, officers, employees or other affiliates of the Sub-Adviser performing the services provided for in this Agreement with respect to the Funds.

8. Other Activities of the Sub-Adviser. It is understood that the services of the Sub-Adviser are not exclusive, and that nothing in this Agreement shall prevent the Sub-Adviser its affiliates and their respective principals, members, employees, officers or directors (in their individual capacities) from providing similar services to other investment companies or to other clients or from engaging in other activities, provided such other services and activities do not, during the term of this Agreement, interfere with the Sub-Adviser's ability to meet its obligations to the Adviser, Trust and Funds. If the Sub-Adviser, its affiliates and their respective principals, members, employees, officers or directors (in their individual capacities) provides any advice to its clients concerning investment in the shares of a Fund, such person shall act solely for such clients in that regard and not in any way on behalf of the Adviser, the Trust or the Funds. It is understood that the Sub-Adviser, its affiliates and their respective members, employees, officers or directors (in their individual capacities) may give advice and take action for its other clients that may differ from advice given, or the timing or nature of action taken, for the Funds. The Sub-Adviser is not obligated to initiate transactions for the Funds in any security that the Sub-Adviser, its affiliates and their respective principals, members, employees, officers or directors (in their individual capacities) may purchase or sell for its or their own accounts or other clients.

9. Compliance Matters.

(a) The Sub-Adviser understands and agrees that it is a "service provider" to the Trust as contemplated by Rule 38a-1 under the 1940 Act. As such, the Sub-Adviser agrees to cooperate fully with the Adviser and the Trust and its Trustees and officers, including the Trust's Chief Compliance Officer ("CCO"), with respect to (1) any and all compliance-related matters, and (2) the Trust's efforts to assure that each of its service providers adopts and maintains policies and procedures that are reasonably designed to prevent violation of the "federal securities laws", as that term is defined by Rule 38a-1, by the Trust, the Adviser and the Sub-Adviser. In this regard, the Sub-Adviser shall:

(i) submit to the Board for its consideration and approval, prior to commencement of the Funds' operations, the Sub-Adviser's applicable compliance policies and procedures;

(ii) submit to the Board for its consideration and approval, annually (and at such other times as the Trust may reasonably request), a report (“Report”) fully describing any material amendments to the Sub-Adviser’s compliance policies and procedures since the more recent of: (1) the Board’s approval of such policies and procedures or (2) the most recent Report;

(iii) provide to the Board periodic reports discussing the Sub-Adviser’s compliance program and special reports in the event of material compliance matters;

(iv) permit the Adviser, the Trust and its Trustees and officers to become familiar with the Sub-Adviser’s operations and understand those aspects of the Sub-Adviser’s operations that may expose the Adviser and the Trust to compliance risks or lead to a violation by the Trust, the Adviser or the Sub-Adviser of the federal securities laws;

(v) permit the Adviser, the Trust and its Trustees and officers to maintain an active working relationship with the Sub-Adviser’s compliance personnel by, among other things, providing the Adviser and the Trust’s CCO and other officers with a specified individual within the Sub-Adviser’s organization to discuss and address compliance-related matters;

(vi) provide the Adviser, the Trust and its Trustees and CCO with such certifications as may be reasonably requested; and

(vii) reasonably cooperate with the Trust’s independent public accountants and/or the Adviser’s personnel, and shall take all reasonable action in the performance of its obligations under this Agreement to assure that access to all reasonably necessary information and the appropriate personnel are made available to such accountants and/or personnel, to support the expression of the accountant’s opinion and their review of the appropriate internal controls and operations, as such may be required from time to time.

(b) The Sub-Adviser represents, warrants and covenants that it has implemented and shall maintain a compliance program that complies with the requirements of Rule 206(4)-7 under the Advisers Act.

10. Documents. The parties hereto acknowledge that the Trust has provided copies of each of the following documents to the Sub-Adviser:

- (a) certified resolution of the Board authorizing the appointment of the Sub-Adviser and approving this Agreement; and
- (b) the current Registration Statement and any amendments thereto.

11. Duration and Termination.

(a) This Agreement shall continue with respect to each Fund for a period of two years from the commencement date for each Fund specified on Exhibit A, and thereafter shall continue automatically for successive annual periods, provided such continuance is specifically approved at least annually by: (1) the Board or (2) a vote of a majority of the Fund' s outstanding voting securities (as defined in the 1940 Act), provided that in either event the continuance is also approved by a majority of the Trustees who are not (i) parties to this Agreement or (ii) "interested persons" (as defined in the 1940 Act) of any party to this Agreement, by vote cast in person (to the extent required by the 1940 Act) at a meeting called for the purpose of voting on such approval.

(b) Notwithstanding the foregoing, this Agreement may be terminated without penalty with respect to any Fund upon sixty (60) days' written notice: (1) by the Trust, pursuant to (i) action of the Board or (ii) the vote of a majority of the Fund' s outstanding voting securities; (2) by the Adviser; or (3) by the Sub-Adviser. This Agreement will also terminate automatically in the event of its assignment (as defined in the 1940 Act). In addition, this Agreement will terminate with respect to any Fund in the event of the termination of the Investment Advisory Agreement between the Trust and the Adviser with respect to that Fund.

(c) If the Sub-Adviser or any successor to its business shall cease to furnish services to the Funds under this Agreement or similar contractual arrangement, for any reason whatsoever, the Fund or Funds (as applicable), at their expense:

(i) as promptly as practicable, shall take all necessary action to cause the Prospectus and the Certificate of Trust, Declaration of Trust, Bylaws and any other relevant documentation to be amended to accomplish a change of name to eliminate any reference to "CNH Partners, LLC:" and

(ii) within 60 days after the termination of this Agreement or such similar contractual arrangement, shall cease to use in any other manner, including, but not limited to, use in any sales literature or promotional material, the name "CNH Partners, LLC" or any name, mark or logo type derived from it or similar to it or indicating that the Funds are managed by or otherwise associated with the Sub-Adviser.

12. Use of Name.

(a) The Sub-Adviser hereby consents to the use of its name in the Funds' disclosure documents, shareholder communications, advertising, sales literature and similar communications. The Sub-Adviser shall not use the names of the Adviser, the Trust or the Funds in its marketing materials unless it first receives prior written approval of the Trust.

(b) It is understood that the name of each party to this Agreement, and any derivatives thereof or logos associated with that name is the valuable property of the party in question and its affiliates, and that each other party has the right to use such names pursuant to the relationship created by this Agreement only so long as this Agreement shall continue in effect. Upon

termination of this Agreement, the parties shall forthwith cease to use the names of the other parties (or any derivative or logo) as appropriate and to the extent that continued use is not required by applicable laws, rules and regulations.

13. Confidential Information. Each party agrees that it will treat confidentially all information provided by the other party regarding such other party's business and operations, including without limitation the investment activities or holdings of each Fund. All confidential information provided by a party hereto shall not be disclosed to any unaffiliated third party without the prior consent of the providing party. The foregoing shall not apply to any information that is public when provided or thereafter becomes public through no wrongful act of the recipient or which is required to be disclosed by any regulatory authority in the lawful and appropriate exercise of its jurisdiction over a party, by any auditor of the parties hereto, by judicial or administrative process or otherwise by applicable laws, rules or regulations. The Sub-Adviser retains all rights in and to any investment models, strategies and approaches used by or on behalf of the Funds and any models, strategies or approaches based upon or derived from them.

14. Representations of the Sub-Adviser. The Sub-Adviser represents, warrants and covenants that:

(a) it is a duly registered investment adviser under the Advisers Act and shall remain so registered for the term of this Agreement; and

(b) it shall promptly notify the Trust in writing if it:

(1) fails to remain registered as an investment adviser under the Advisers Act or in a substantially equivalent manner under the laws of any jurisdiction in which it is required to be so registered in order to perform its obligations under this Agreement;

(2) is disqualified from serving as investment manager of an investment company pursuant to Section 9(a) of the 1940 Act or otherwise;

(3) is served or otherwise receives notice of any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, involving the affairs of the Trust; and

(4) experiences a change in control and/or management.

15. Representations of the Adviser and Trust. Each of the Adviser and Trust represents, warrants and covenants that it has full corporate power and authority to enter into this Agreement (including the power and authority to appoint the Sub-Adviser hereunder) and to carry out the terms of the Agreement.

16. Notices. All notices hereunder shall be provided in writing and delivered by first class postage pre-paid U.S. mail or by fax. Notices delivered by mail shall be deemed given three days after mailing and upon receipt if sent by fax.

If to the Trust:

AQR FUNDS
TWO GREENWICH PLAZA, 3RD FLOOR
GREENWICH, CT 06830
FAX 203-742-3100

If to the Adviser:

AQR CAPITAL MANAGEMENT, LLC
TWO GREENWICH PLAZA, 3RD FLOOR
GREENWICH, CT 06830
FAX 203-742-3100

If to the Sub-Adviser:

CNH PARTNERS, LLC
TWO GREENWICH PLAZA, 1ST FLOOR
GREENWICH, CT 06830
FAX 203-742-3100

17. Amendments. This Agreement may be amended in writing signed by the parties to this Agreement in a manner that is in accordance with applicable laws, rules and regulations.

18. Release. The names "AQR Funds" and "Board of Trustees of the AQR Funds" refer respectively to the Trust created by the Declaration of Trust and the Trustees as Trustees but not individually or personally. All parties hereto acknowledge and agree that any and all liabilities of the Trust arising, directly or indirectly, under this Agreement will be satisfied solely out of the assets of the Trust and that no Trustee or officer or shareholder of the Trust shall be personally liable for any such liabilities. All persons dealing with any Fund of the Trust must look solely to the property belonging to such Fund for the enforcement of any claims against the Trust.

19. Miscellaneous.

(a) This Agreement shall be governed by applicable federal laws, rules and regulations and the laws of the State of Delaware without regard to the conflicts of law provisions thereof; provided, however that nothing herein shall be construed as being inconsistent with the 1940 Act, the Advisers Act or other applicable federal law. Where the effect of a requirement of the 1940 Act, Advisers Act or other applicable federal law reflected in any provision of this Agreement is altered by a new or changed rule, regulation or order of the SEC, whether of special or general application, such provision shall be deemed to incorporate the effect of such rule, regulation or order.

(b) The captions of this Agreement are included for convenience only and in no way define or limit any of the provisions hereof or otherwise affect their construction or effect.

(c) If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected hereby and, to this extent, the provisions of this Agreement shall be deemed to be severable.

(d) This Agreement may be executed in several counterparts, all of which together shall for all purposes constitute one Agreement, binding on all parties.

(e) Concurrent with the execution of this Agreement, the Sub-Adviser is delivering to the Adviser and the Trust a copy of Part II of its Form ADV, as revised, on file with the SEC. The Adviser and the Trust hereby acknowledge receipt of such copy.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their officers designated below as of the date first set forth above.

AQR FUNDS

By: /s/ Marco Hanig
Name: Marco Hanig
Title: President

AQR CAPITAL MANAGEMENT, LLC

By: /s/ Brendan Kalb
Name: Brendan Kalb
Title: Vice President and Associate General Counsel

CNH PARTNERS, LLC

By: /s/ Bradley Asness
Name: Bradley Asness
Title: Principal and General Counsel

EXHIBIT A

Name of Series	Commencement Date	Sub-Advisory Fee
AQR Diversified Arbitrage Fund	_____, 2008	Each fee will be based on the average daily net assets of the Fund managed by the Sub-Adviser, and calculated as described in Section 5 of the Agreement. 0.70% (Class N and I Shares)

DISTRIBUTION AGREEMENT

AGREEMENT dated as of December 8, 2008, between AQR Funds, an open-end, management investment company organized as a Delaware statutory trust under the laws of the State of Delaware, having its principal place of business at Two Greenwich Plaza, 3rd Floor, Greenwich, Connecticut 06830 (“Trust”) and ALPS Distributors, Inc., a Colorado corporation and a registered broker-dealer under the Securities Exchange Act of 1934, as amended (“1934 Act”), having its principal place of business at 1290 Broadway, Suite 1100, Denver, Colorado 80203 (“Distributor”).

WHEREAS, the Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended (“1940 Act”), presently consisting of the series of the Trust (“Funds”) listed in Schedule A, attached hereto, as the parties may amend from time to time;

WHEREAS, the Trust wishes to employ the services of the Distributor in connection with the promotion and distribution of the shares of the Trust (the “Shares”); and

NOW, THEREFORE, in consideration of the mutual promises and undertakings herein contained, the parties agree as follows:

1. **Documents** – The Trust has furnished or will furnish, upon request, the Distributor with copies of the Trust’s Declaration of Trust, advisory agreement, custodian agreement, transfer agency agreement, administration agreement, current prospectus, and statement of additional information (“SAI”), and all forms relating to any plan, program or service offered by the Trust. The Trust shall furnish, within a reasonable time period, to the Distributor a copy of any amendment or supplement to any of the above-mentioned documents. Upon request, the Trust shall furnish promptly to the Distributor any additional documents necessary or advisable to perform its functions hereunder. As used in this Agreement the terms “registration statement,” “prospectus” and “SAI” shall mean the applicable and effective registration statement, prospectus or prospectuses and SAI or SAIs filed by the Trust with the Securities and Exchange Commission (“SEC”) and any amendments and supplements thereto that are filed with the SEC, given the context of the reference.

2. Sales of Shares

a. The Trust grants to the Distributor the right to sell the Shares of the Funds as agent on behalf of the Trust, during the term of this Agreement, subject to the registration requirements of the Securities Act of 1933, as amended (“1933 Act”), the 1940 Act and of the laws governing the sale of securities in the various states (“Blue Sky Laws”), under the terms and conditions set forth in this Agreement. The Distributor shall have the right to sell, as agent on behalf of the Trust, the Shares covered by the registration statement, prospectus and SAI for the Trust then in effect under the 1933 Act and 1940 Act. The Distributor will promptly transmit any orders received by it for purchase, redemption or exchange of the Shares to the Trust’s transfer agent.

b. No Shares shall be offered by either the Distributor or the Trust under any of the provisions of this Agreement and no orders for the purchase or sale of Shares hereunder shall be

accepted by or on behalf of the Trust if and so long as the effectiveness of the registration statement then in effect or any necessary amendments thereto shall be suspended under any of the provisions of the 1933 Act, or if and so long as a current prospectus, as required by Section 10(b) of the 1933 Act is not on file with the SEC; provided, however, that nothing contained in this paragraph shall in any way restrict or have any application to or bearing upon the Trust's obligation to repurchase Shares from any shareholder in accordance with the provisions of the Trust's prospectus and Declaration of Trust. The Trust shall immediately notify the Distributor of any suspension of a registration statement or amendment or if a current prospectus is not on file with the SEC.

3. Sales of Shares by the Trust – The rights granted to the Distributor shall be nonexclusive in that the Trust reserves the right to sell Shares to investors on applications received and accepted by the Trust.

4. Public Offering Price – Except as otherwise noted in the Trust's current prospectus and/or SAI, all Shares sold to investors by the Distributor or the Trust will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per Share, as determined in the manner described in the Trust's current prospectus and/or SAI, plus any applicable sales charge as described in the Trust's current prospectus(es) and/or SAI(s). The Trust shall in all cases receive the net asset value per Share on all sales. If a fee in connection with shareholder redemptions is in effect, such fee will be paid to the Trust.

5. Suspension of Sales – The Trust reserves the right to suspend the offer and sale and the Distributor's authority to process orders for Shares on behalf of the Trust if, in the judgment of the Trust, in its sole and absolute discretion, it is deemed to be in the best interests of the Trust to do so and is otherwise permitted by law, regulation or administrative action. Suspension of sales will continue for such period as may be determined by the Trust.

6. Solicitation of Sales

a. In consideration of these rights granted to the Distributor, and subject to the Trust's oversight and direction, the Distributor agrees to use its best efforts to solicit orders for the sale of the Shares at the public offering price and will undertake appropriate advertising and promotion in connection with such solicitation. The Distributor shall review and file such materials with the SEC and/or the Financial Industry Regulatory Authority ("FINRA") to the extent required by the 1934 Act, the 1940 Act and the rules and regulations thereunder, and the rules of FINRA.

b. The Distributor shall provide, as necessary, support and supervision of certain employees of AQR Capital Management, LLC and its affiliates serving as "associated persons" of Distributor. The Distributor's activities on behalf of the Trust shall not prevent the Distributor from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers, provided that such other arrangements do not materially affect the Distributor's ability to honor its duties and obligations under this Agreement. The Distributor will act only on its own behalf (and as principal) should it choose to enter into selling agreements with selected dealers or others.

7. Authorized Representations – Neither the Distributor nor any other person is authorized by the Trust to give any information or to make any representations (and shall not give any information or make any representations) other than those contained in the registration statement, prospectus or SAI, shareholder reports (including sales literature and advertisements that have been approved for use by the Distributor) or other material that may be prepared by or on behalf of the Trust for the Distributor’s use or that has been specifically approved for use by the Distributor by appropriate representatives of the Trust. The Distributor acknowledges that the only information provided to it by the Trust is that contained in the registration statement, the prospectus, the SAI and reports and financial information referred to herein. Consistent with the foregoing, the Distributor may prepare and distribute such sales literature or other material as it may deem appropriate with the appropriate approval of the Trust, provided such sales literature complies with applicable laws, rules and regulations.

8. Registration of Shares – The Trust agrees that it will use its best efforts to take all action necessary to register the Shares under the 1933 Act and the 1940 Act. The Trust shall make available to the Distributor, at the Distributor’s expense, such number of copies of its prospectus and SAI as the Distributor may reasonably request. The Trust shall furnish to the Distributor copies of all information, financial statements and other papers, which the Distributor may reasonably request for use in connection with the distribution of Shares of the Trust.

9. Distribution and Shareholder Services, Fees and Expenses

a. The Distributor, subject to the direction of the Trust, shall offer and sell the shares of the Funds as set forth herein and may be compensated for its distribution services rendered hereunder, to the extent permitted by the Distribution Plan adopted by the Trust on behalf of the Funds pursuant to Rule 12b-1 under the 1940 Act (“Rule 12b-1 Plan”) and any separate arrangements the Distributor may enter into with the Trust’s investment adviser. The Distributor shall not be obligated to finance the distribution of the Funds’ shares in a manner that incurs expenses in excess of payments it receives from the Rule 12b-1 Plan and any separate arrangements the Distributor may have with the Trust’s investment adviser. In addition, the Distributor shall be entitled to retain any front-end sales charge imposed upon the sale of Shares (and reallocate a portion thereof) as specified in the Trust’s registration statement and the Trust shall pay to the Distributor the proceeds from any contingent deferred sales charge imposed on the redemption of Shares as specified in the Trust’s registration statement.

b. The Distributor shall, subject to the direction of the Trust, retain firms or financial intermediaries to provide the services contemplated by the Rule 12b-1 Plan and shall, in accordance with the Rule 12b-1 Plan, pay or arrange for the payment of appropriate compensation to such firms or financial intermediaries out of the fees received by the Distributor under such Rule 12b-1 Plan.

c. The Distributor shall prepare reports for the Board of Trustees of the Trust regarding its activities under this Agreement as from time to time shall be reasonably requested by the Board, including reports regarding the use of Rule 12b-1 payments received by the Distributor, if any.

10. Trust Expenses – Unless otherwise agreed to by the parties hereto in writing, the Distributor shall not be responsible for fees and expenses in connection with offering and selling the shares of the Funds beyond any (i) distribution fees paid to the Distributor or (ii) other payments made to the Distributor pursuant to arrangements with the Funds' investment adviser, in each case as may be eligible under applicable law for the use in question and all as set forth in Section 9 hereof, nor for fees and expenses in connection with: (a) the filing of any registration statement; (b) the printing and the distribution of any prospectus and SAI under the 1933 Act and the 1940 Act and amendments thereto prepared for use with existing shareholders of the Trust; (c) preparing, setting in type, printing and mailing the prospectus, SAI and any supplements thereto sent to existing shareholders; (d) preparing, setting in type, printing and mailing any report (including annual and semi-annual reports) or other communication to existing shareholders of the Trust; and (e) the Blue Sky registration and qualification of Shares for sale in the various states in which the officers of the Trust shall determine it advisable to qualify such Shares for sale (including registering the Trust as a broker or dealer or any officer of the Trust as agent or salesman in any state).

11. Use of the Distributor' s Name – The Trust shall not use the name of the Distributor, or any of its affiliates, in any prospectus or SAI, sales literature, and other materials relating to the Trust in any manner without the prior written consent of the Distributor (which shall not be unreasonably withheld); provided, however, that the Distributor hereby approves all lawful uses of the names of the Distributor and its affiliates in the prospectus and SAI of the Trust and in all other materials which merely refer to accurate terms to the Distributor' s appointment hereunder or that are required by the SEC, FINRA, the Office of the Comptroller of the Currency (“OCC”) or any other regulatory authority with jurisdiction.

12. Use of the Trust' s Name – Neither the Distributor nor any of its affiliates shall use the name of the Trust or the Funds in any publicly disseminated materials, including sales literature, in any manner without the prior consent of the Trust (which shall not be unreasonably withheld); provided, however, that the Trust hereby approves all lawful uses of its name in any required regulatory filings of the Distributor that merely refer in accurate terms to the appointment of the Distributor hereunder, or which are required by the SEC, FINRA, OCC or any other regulatory authority with jurisdiction.

13. Insurance – The Distributor agrees to maintain a fidelity bond and liability insurance coverage which are, in scope and amount, consistent with coverage customary for distribution activities relating to the registered investment companies of similar size and risk profile to the Trust and for the Distributor' s business as a whole. The Distributor shall notify the Trust upon receipt of any notice of material, adverse change in the terms or provisions of its insurance coverage. Such notification shall include the date of change and the reason or reasons therefor. The Distributor shall notify the Trust of any material claims against it, whether or not covered by insurance, and shall notify the Trust from time to time as may be appropriate of the total outstanding claims made by it under its insurance coverage.

14. Compliance with the Law – The Distributor represents, warrants, covenants and agrees that all activities by the Distributor and its agents and employees as distributor of the Shares shall comply with all applicable laws, rules and regulations including, without limitation,

all rules and regulations made or adopted by the SEC or any securities association registered under the 1934 Act. The Distributor represents and warrants that it is a member of FINRA and agrees to abide by all of the rules and regulations of FINRA, including, without limitation, its Conduct Rules, as defined thereunder. The Distributor agrees to notify the Trust immediately in the event of its expulsion or suspension by the FINRA. Expulsion of the Distributor by FINRA will terminate this Agreement immediately without notice. Suspension of the Distributor by FINRA will terminate this Agreement effective immediately upon written notice of termination to the Distributor from the Trust. The Distributor further represents that it is registered in all fifty (50) states and shall maintain such registration. The Distributor shall not conduct any activity in any state or other jurisdiction if to do so would require a license that the Distributor does not have.

15. Indemnification

a. The Trust agrees to indemnify and hold harmless the Distributor and each of its directors and officers and each person, if any, who controls the Distributor within the meaning of Section 15 of the 1933 Act (each, a “Distributor Indemnified Person” and collectively, “Distributor Indemnified Persons”), against any loss, liability, claims, damages or expenses (including the reasonable cost of investigating or defending any alleged loss, liability, claims, damages or expenses and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any Shares, based upon the ground that the registration statement, prospectus, SAI, shareholder reports or other information filed or made public by the Trust (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading under the 1933 Act, the 1940 Act or any other statute or the common law. However, the Trust does not agree to indemnify the Distributor Indemnified Person or hold the Distributor Indemnified Person harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to the Trust by or on behalf of the Distributor. In no case (i) is this indemnity of the Trust in favor of the Distributor Indemnified Persons to be deemed to protect the Distributor or any person against any liability to the Trust or its security holders to which the Distributor or such person would otherwise be subject by reason of willful misfeasance, bad faith or negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Trust to be liable under this indemnity with respect to any claim made against any Distributor Indemnified Person unless the Distributor Indemnified Person shall have notified the Trust in writing of the claim promptly after the summons or other first written notification giving information of the nature of the claims shall have been served upon the Distributor or any such person (or after the Distributor or such person shall have received notice of service on any designated agent). However, failure to notify the Trust of any claim shall not relieve the Trust from any liability which it may have to any Distributor Indemnified Person against whom such action is brought otherwise than on account of this indemnity, except to the extent that the Trust is materially harmed by such delay. The Trust shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, and if the Trust elects to assume the defense, the defense shall be conducted by counsel chosen by the Trust. In the event the Trust elects to assume the defense of any suit and retain counsel, the Distributor Indemnified Person that are defendants in the suit, shall bear the fees and expenses of

any additional counsel retained by them, provided that the Trust is not obligated to reimburse the Distributor Indemnified Persons for more than one set of counsel to represent all Distributor Indemnified Persons in such suit. If the Trust does not elect to assume the defense of any suit, it will reimburse the Distributor, officers or directors or controlling person(s) or defendant(s) in the suit for the reasonable fees and expenses of any counsel retained by them. The Trust agrees to notify the Distributor promptly of the commencement of any litigation or proceeding against it or any of its officers in connection with the issuance or sale of any of the Shares.

b. The Distributor also covenants and agrees that it will indemnify and hold harmless the Trust and each of its trustees and officers and each person, if any, who controls the Trust within the meaning of Section 15 of the 1933 Act (each, a "Trust Indemnified Person" and collectively, "Trust Indemnified Persons"), against any loss, liability, damages, claims or expenses (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claims or expenses and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any Shares, based upon the 1933 Act, the 1940 Act or any other statute or common law, alleging (1) any wrongful act of or failure to comply with applicable laws, rules and regulations by the Distributor or any of its employees or (1) that (i) any sales literature, advertisements, information, statements or representations used or made by the Distributor or any of its affiliates or employees or (ii) the registration statement, prospectus, SAI, (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with, information furnished to the Trust by or on behalf of the Distributor. In no case is (i) the indemnity of the Distributor in favor of the Trust Indemnified Persons to be deemed to protect the Trust or any person against any liability to which the Trust or such person would otherwise be subject by reason of willful misfeasance, bad faith or negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) the Distributor to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against any Trust Indemnified Person unless the Trust Indemnified Person shall have notified the Distributor in writing of the claim promptly after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Trust Indemnified Person (or after the Trust Indemnified Person shall have received notice of service on any designated agent). However, failure to notify the Distributor of any claim shall not relieve the Distributor from any liability which it may have to the Trust Indemnified Persons otherwise than on account of this indemnity, except to the extent that the Distributor is materially harmed by such delay. The Distributor shall be entitled to participate at its own expense in the defense or, if it so elects, to assume the defense of any suit brought to enforce any claims, and if the Distributor elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Trust Indemnified Persons who are defendants in the suit. In the event that the Distributor elects to assume the defense of any suit and retain counsel, the Trust Indemnified Persons who are defendants in the suit, shall bear the fees and expense of any additional counsel retained by them. If the Distributor does not elect to assume the defense of any suit, it will reimburse the Trust Indemnified Persons who are defendants in the suit, for the reasonable fees and expenses of any counsel retained by them, provided that the Distributor is not obligated to reimburse the Trust Indemnified Persons for more than one set of counsel to represent all Trust Indemnified Persons in such suit. The Distributor agrees to notify the Trust promptly of the commencement of any litigation or proceedings against it in connection with the Trust and the offer or sale of any of the Shares.

9. Supplemental Information – The Distributor and the Trust shall regularly consult with each other regarding the Distributor’s performance of its obligations under this Agreement. In connection therewith, the Trust shall, whenever practical, submit to the Distributor at a reasonable time in advance of filing with the SEC reasonably final drafts of any amended or supplemented registration statement (including exhibits) under the 1933 Act and the 1940 Act; provided, however, that nothing contained in this Agreement shall in any way limit the Trust’s right to file at any time such amendments to any registration statement and/or supplements to any prospectus or SAI, of whatever character, as the Trust may deem advisable, such right being in all respects absolute and unconditional.

16. Term – This Agreement shall become effective as of December 8, 2008, and shall continue for an initial term of one year from such date and thereafter shall continue automatically for successive annual periods, provided such continuance is specifically approved at least annually (i) by the Trust’s Board of Trustees or (ii) by a vote of a majority of the outstanding voting securities of the relevant series of the Trust (as defined in the 1940 Act), provided that in either event the continuance is also approved by the majority of the Trustees of the Trust who are not interested persons (as defined in the 1940 Act) of any party to this Agreement by vote cast in person at a meeting called for the purpose of voting on such approval. In addition, in any period in which this Agreement is deemed to be an agreement related to a Rule 12b-1 Plan the continuance of this Agreement must be approved in accordance with the requirements of Rule 12b-1 under the 1940 Act. This Agreement is terminable by the Trust’s Board of Trustees or by vote of the holders of a majority of the outstanding voting securities of the relevant series of the Trust without penalty on sixty (60) days’ written notice to the Distributor. This Agreement is terminable by the Distributor without penalty on ninety (90) days’ written notice to the Trust. This Agreement shall automatically terminate in the event of its assignment (as defined in the 1940 Act) and shall terminate upon the suspension of the Distributor as a FINRA member or the expulsion of Distributor from its membership with FINRA, as set forth in Section 14 hereof.

Upon the termination of this Agreement, the Distributor, at the Trust’s expense and direction, shall transfer to such successor as the Trust shall specify all relevant books, records and other data established or maintained by the Distributor under this Agreement.

17. Anti-Money Laundering – The Distributor agrees to maintain an anti-money laundering program in compliance with Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (“USA Patriot Act”) and all applicable laws and regulations promulgated thereunder. The Distributor confirms that, as soon as possible, following the request from the Trust, the Distributor will supply the Trust with copies of the Distributor’s anti-money laundering policy and procedures, and such other relevant certifications and representations regarding such policy and procedures as the Trust may reasonably request from time to time.

18. **Notice** – Any notice required or permitted to be given by either party to the other shall be deemed sufficient if sent by (i) telecopier (fax) or (ii) registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at the last address furnished by the other party to the party giving notice:

if to the Trust at:

AQR Funds
c/o AQR Capital Management, LLC
Two Greenwich Plaza, 3rd Floor
Greenwich, CT 06830
Attn: General Counsel
Fax: 203.742.3105

if to the Distributor at:

1295 Broadway, Suite 1100,
Denver, Colorado, 80203
Attn: General Counsel
Fax: 303.623.7850

or such other telecopier (fax) number or address as may be furnished by one party to the other.

19. **Confidential Information**

a. The Distributor, its officers, directors, employees and agents will treat confidentially and as proprietary information of the Trust all records and other information relative to the Trust and to prior or present shareholders or to those persons or entities who respond to the Distributor's inquiries concerning investment in the Trust, and will not use such records and information for any purposes other than performance of its responsibilities and duties hereunder.

b. The Distributor shall maintain administrative, technical, and physical safeguards for the protection of records and information relating to prior and present shareholders and prospective shareholders of the Trust that are reasonably designed to: (1) insure the security and confidentiality of such records and information; (2) protect against any anticipated threats or hazards to the security or integrity of such records and information; and (3) protect against unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to any such prior, present or prospective shareholder.

c. If the Distributor is requested or required by depositions, interrogatories, requests for information or documents, subpoena, civil investigation, demand or other action, proceeding or process or as otherwise required by law, statute, regulation, writ, decree or the like to disclose such confidential information, the Distributor will provide the Trust with prompt written notice of any such request or requirement so that the Trust may seek an appropriate protective order or other appropriate remedy and/or waive compliance with this provision. If such order or other remedy is not sought, or obtained, or waiver not received within a reasonable period following

such notice, then the Distributor may without liability hereunder, disclose to the person, entity or agency requesting or requiring the information, that portion of the information that is legally required in the reasonable opinion of the Distributor' s counsel.

d. In accordance with Regulation S-P, the Distributor and its affiliates will not disclose any non-public personal information, as defined in Regulation S-P, received from the Trust or any Trust regarding any shareholder; provided, however, that the Distributor and its affiliates may disclose such information to any party as necessary in the ordinary course of business to carry out the purposes for which such information was disclosed to the Distributor and its affiliates, or as may be permitted by law. The Distributor agrees to use reasonable precautions to protect and prevent the unintentional disclosure of such non-public personal information.

20. Compliance Matters

a. The Distributor understands and agrees that it is a "service provider" to the Trust as contemplated by Rule 38a-1 under the 1940 Act. As such, the Distributor agrees to cooperate fully with the Trust and its Trustees and officers, including the Trust' s Chief Compliance Officer ("CCO"), with respect to (1) any and all compliance-related matters, and (2) the Trust' s efforts to assure that each of its service providers adopts and maintains policies and procedures that are reasonably designed to prevent violation of the "federal securities laws", as that term is defined by Rule 38a-1, by the Trust and its service providers. In this regard, the Distributor shall:

- (i) submit to the Board for its consideration and approval, prior to commencement of the Trust' s operations, the Distributor' s applicable compliance policies and procedures;
- (ii) submit to the Board for its consideration and approval, annually (and at such other times as the Trust may reasonably request), a report ("Report") fully describing any material amendments to Distributor' s compliance policies and procedures since the more recent of: (1) the Board' s approval of such policies and procedures or (2) the most recent Report;
- (iii) provide periodic reports discussing the Distributor' s compliance program and special reports on a timely basis in the event of material compliance matters and material changes to the compliance program;
- (iv) permit the Trust and its Trustees and officers to become familiar with the Distributor' s operations and understand those aspects of the Distributor' s operations that may expose the Trust to compliance risks or lead to a violation by the Trust or the Distributor of the federal securities laws;

- (v) permit the Trust and its Trustees and officers to maintain an active working relationship with the Distributor's compliance personnel by, among other things, providing the Trust's CCO and other officers with a specified individual within the Distributor's organization to discuss and address compliance-related matters;
- (vi) provide the Trust and its Trustees and CCO with such certifications as may be reasonably requested; and
- (vii) reasonably cooperate with the Trust's independent public accountants and shall take all reasonable action in the performance of its obligations under this Agreement to assure that access to all reasonably necessary information and the appropriate personnel are made available to such accountants, to support the expression of the accountant's opinion and their review of the appropriate internal controls and operations, as such may be required from time to time.

b. The Distributor represents, warrants and covenants that it has established and maintains and enforces a system of supervisory control policies and procedures that complies with the requirements of Rule 3012 of the Conduct Rules of FINRA and an annual certification program that complies with Rule 3013 of the Conduct Rules of FINRA.

21. Limitation of Liability – The Distributor understands that the rights and obligations of each Fund under the Trust's Declaration of Trust are separate and distinct from those of any and all other Funds. Any obligations of the Trust entered into in the name or on behalf thereof by any of the Trustees or officers, representatives or agents are made not individually, but in such capacities, and are not binding upon any of the Trustees or officers, shareholders, or representatives of the Trust personally, but bind only the Trust property, and all persons dealing with any Funds or Shares of the Trust must look solely to the Trust property belonging to such Fund for the enforcement of any claims against the Trust.

22. Records; Visits – The books and records pertaining to the Trust, which are in the possession or under the control of Distributor, shall be the property of the Trust. Such books and records shall be prepared and maintained as required by the 1940 Act and other applicable securities laws, rules and regulations. The Trust shall have access to such books and records at all times during Distributor's normal business hours. Upon the reasonable request of the Trust, copies of any such books and records shall be provided by Distributor to the Trust. Any such books and records may be maintained in the form of electronic media and stored on any magnetic disk or tape or similar recording method, and in such case copies of such books and records will, upon request from the Trust, be provided to the Trust in such form of electronic media. Distributor will return all such books and records to the Trust upon termination of this Agreement. Distributor may retain, at its own expense, copies of the books and records as are required by applicable law or customary archival purposes. **23. Disaster Recovery** –

Distributor shall enter into and maintain in effect with appropriate parties (a) one or more agreements making reasonable provisions for emergency use of electronic data processing equipment to the extent appropriate equipment is available, and (b) emergency data recovery policies and procedures (a “Disaster Recovery Plan”), which is commercially reasonable in light of the services to be provided. In the event of equipment failures, Distributor shall, at no additional expense to the Trust, take reasonable steps to minimize service interruptions. Distributor shall have no liability with respect to the loss of data or service interruptions caused by equipment failure, provided such loss or interruption is not caused by Distributor’s own willful misfeasance, bad faith, negligence or reckless disregard of its duties or obligations under this Agreement. 24. **Miscellaneous** – Each party agrees to perform such further acts and execute such further documents as are necessary to effectuate the purposes hereof. This Agreement shall be construed, interpreted, and enforced in accordance with and governed by applicable federal law and the laws of the State of Delaware. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. This Agreement may not be changed, waived, discharged or amended except by written instrument that shall make specific reference to this Agreement and which shall be signed by the party against which enforcement of such change, waiver, discharge or amendment is sought. This Agreement may be executed simultaneously in two or more counterparts, each of which taken together shall constitute one and the same instrument. This Agreement contains the entire agreement of the parties with respect to the subject matter contained herein, and supersedes all prior agreements, arrangements, and understandings.

25. **Business Continuity Plan** – The Distributor shall maintain a comprehensive business continuity plan and will provide an executive summary of such plan upon reasonable request of the Trust. The Distributor will test the adequacy of its business continuity plan at least annually and upon request, will report to the Trust the results of such testing. Upon request by the Trust, the Distributor will provide the Trust with a letter assessing the most recent business continuity test results. In the event of business disruption that materially impacts the Distributor’s provision of service under this Agreement, the Distributor will notify the Trust of the disruption and the steps being implemented under the business continuity plan. If the Distributor reasonably determines that it is unable to put its disaster recovery plan in place in a manner that allows the Distributor to satisfy its obligations under this Agreement, the Distributor shall provide reasonable assistance and support to the Trust in seeking such services from an alternative source.

IN WITNESS WHEREOF, the Trust has executed this instrument in its name and behalf, and the Distributor has executed this instrument in its name and behalf, as of the date and year first above written.

AQR FUNDS

By: /s/ Brendan Kalb
Name: Brendan Kalb
Title: Secretary

ALPS DISTRIBUTORS, INC.

By: /s/ Thomas A. Carter
Name: Thomas A. Carter
Title: President

Schedule A
List of Funds

<u>FUND</u>	<u>CLASSES OFFERED</u>
AQR Global Equity Fund	Class N Class I Class Y
AQR International Equity Fund	Class N Class I Class Y
AQR International Small Cap Fund	Class N Class I Class Y
AQR Emerging Markets Fund	Class N Class I Class Y
AQR Equity Plus Fund	Class N Class I
AQR Small Cap Core Fund	Class N Class I
AQR Small Cap Growth Fund	Class N Class I
AQR Diversified Arbitrage Fund	Class N Class I



THE BANK OF NEW YORK MELLON

CUSTODY AGREEMENT

AGREEMENT, dated as of December 2, 2008 between AQR Funds, a Delaware statutory trust organized and existing under the laws of the State of Delaware having its principal office and place of business at Two Greenwich Plaza, 3rd Floor, Greenwich, CT 06830, on behalf of each of its separate Series, (“Fund”) and The Bank of New York Mellon, a New York corporation authorized to do a banking business having its principal office and place of business at One Wall Street, New York, New York 10286 (“Custodian”).

WITNESSETH:

that for and in consideration of the mutual promises hereinafter set forth the Fund and Custodian agree as follows:

ARTICLE I DEFINITIONS

Whenever used in this Agreement, the following words shall have the meanings set forth below:

1. “**Authorized Person**” shall be any person, whether or not an officer or employee of the Fund, duly authorized by the Fund’s board to execute any Certificate or to give any Oral Instruction with respect to one or more Accounts, such persons to be designated in a Certificate annexed hereto as Schedule I hereto or such other Certificate as may be received by Custodian from time to time. Notwithstanding anything else in this Agreement, to the extent that the currently effective Certificate of the Fund does not authorize Authorized Persons to give Oral Instructions, this Agreement shall be read not to permit Custodian to act upon Oral Instructions and all instructions provided to the Custodian hereunder shall be by Certificate or Instructions.

2. “**Custodian Affiliate**” shall mean any office, branch or subsidiary of The Bank of New York Company, Inc.

3. “**Book-Entry System**” shall mean the Federal Reserve/Treasury book-entry system for receiving and delivering securities, its successors and nominees.

4. “**Business Day**” shall mean any day on which Custodian and relevant Depositories are open for business.

5. “**Certificate**” shall mean any notice, instruction, or other instrument in writing, authorized or required by this Agreement to be given to Custodian, which is actually received by Custodian by letter or facsimile transmission and signed on behalf of the Fund by an Authorized Person or a person reasonably believed by Custodian to be an Authorized Person.

6. “**Composite Currency Unit**” shall mean the Euro or any other composite currency unit consisting of the aggregate of specified amounts of specified currencies, as such unit may be constituted from time to time.

7. **“Depository”** shall include (a) the Book-Entry System, (b) the Depository Trust Company, (c) any other clearing agency or securities depository registered with the Securities and Exchange Commission identified to the Fund from time to time, and (d) the respective successors and nominees of the foregoing.

8. **“Foreign Depository”** shall mean (a) Euroclear, (b) Clearstream Banking, societe anonyme, (c) each Eligible Securities Depository as defined in Rule 17f-7 under the Investment Company Act of 1940, as amended, identified to the Fund from time to time, and (d) the respective successors and nominees of the foregoing.

9. **“Instructions”** shall mean communications actually received by Custodian by S.W.I.F.T., tested telex, letter, facsimile transmission, email or other method or system specified by Custodian as available for use in connection with the services hereunder.

10. **“Oral Instructions”** shall mean verbal instructions received by Custodian from an Authorized Person or from a person reasonably believed by Custodian to be an Authorized Person.

11. **“Series”** shall mean the various portfolios, if any, of the Fund listed on Schedule II hereto, and if none are listed references to Series shall be references to the Fund.

12. **“Securities”** shall include, without limitation, any common stock and other equity securities, bonds, debentures and other debt securities, notes, mortgages or other obligations, and any instruments representing rights to receive, purchase, or subscribe for the same, or representing any other rights or interests therein (whether represented by a certificate or held in a Depository or by a Subcustodian).

13. **“Subcustodian”** shall mean a bank (including any branch thereof) or other financial institution (other than a Foreign Depository) located outside the U.S. which is utilized by Custodian in connection with the purchase, sale or custody of Securities hereunder and identified to the Fund from time to time, and their respective successors and nominees.

ARTICLE II
APPOINTMENT OF CUSTODIAN; ACCOUNTS;
REPRESENTATIONS, WARRANTIES, AND COVENANTS

1. (a) The Fund hereby appoints Custodian as custodian of all Securities and cash at any time delivered to Custodian during the term of this Agreement, and authorizes Custodian to hold Securities in registered form in its name or the name of its nominees. Custodian hereby accepts such appointment and agrees to establish and maintain one or more securities accounts and cash accounts for each Series in which Custodian will hold Securities and cash as provided herein. Custodian shall maintain books and records segregating the assets of each Series from the assets of any other Series. Such accounts (each, an “Account”; collectively, the “Accounts”) shall be in the name of the Fund on behalf of each of its separate Series.

(b) Custodian may from time to time establish on its books and records such sub-accounts within each Account as the Fund and Custodian may reasonably agree upon (each a “Special Account”), and Custodian shall reflect therein such assets as the Fund may specify in a Certificate or Instructions.

(c) Custodian may from time to time establish pursuant to a written agreement with and for the benefit of a broker, dealer, futures commission merchant or other third party identified in a Certificate or Instructions such accounts on such terms and conditions as the Fund and Custodian shall agree, and Custodian shall transfer to such account such Securities and money as the Fund may specify in a Certificate or Instructions.

2. The Fund hereby represents and warrants, which representations and warranties shall be continuing and shall be deemed to be reaffirmed upon each delivery of a Certificate or each giving of Oral Instructions or Instructions by the Fund, that:

(a) It is duly organized and existing under the laws of the jurisdiction of its organization, with full power to carry on its business as now conducted, to enter into this Agreement, and to perform its obligations hereunder;

(b) This Agreement has been duly authorized, executed and delivered by the Fund, approved by a resolution of its board, constitutes a valid and legally binding obligation of the Fund, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, or other laws affecting generally the enforceability of creditors' rights or by equitable principles generally applied, and there is no statute, regulation, rule, order or judgment binding on it, and no provision of its charter or by-laws, nor of any mortgage, indenture, credit agreement or other contract binding on it or affecting its property, which would prohibit its execution or performance of this Agreement;

(c) It is conducting its business in substantial compliance with all applicable laws and requirements, both state and federal, and has obtained all regulatory licenses, approvals and consents necessary to carry on its business as now conducted;

(d) It will not knowingly use the services provided by Custodian hereunder in any manner that is, or will result in, a violation of any law, rule or regulation applicable to the Fund;

(e) Its board or its foreign custody manager, as defined in Rule 17f-5 under the Investment Company Act of 1940, as amended ("1940 Act"), has determined that use of each Subcustodian (including any Replacement Custodian) which Custodian is authorized to utilize in accordance with Section 1(a) of Article III hereof satisfies the applicable requirements of the 1940 Act and Rules 17f-4 or 17f-5 thereunder, as the case may be;

(f) The Fund or its investment adviser has determined that, based in part on the information provided pursuant to Section 1(c) of Article III of this Agreement, the custody arrangements of each Foreign Depository provide reasonable safeguards against the custody risks associated with maintaining assets with such Foreign Depository within the meaning of Rule 17f-7 under the 1940 Act;

(g) It is fully informed of the protections and risks associated with various methods of transmitting Instructions and Oral Instructions and delivering Certificates to

Custodian, understands that there may be more secure methods of transmitting or delivering the same than the methods selected by it, agrees that the security procedures (if any) to be followed in connection therewith provide a commercially reasonable degree of protection in light of its particular needs and circumstances, and acknowledges and agrees that Instructions need not be reviewed by Custodian, may be presumed by Custodian to have been given by person(s) duly authorized, and may be acted upon as given;

(h) It shall manage its borrowings, including, without limitation, any advance or overdraft (including any day-light overdraft) in the Accounts, so that the aggregate of its total borrowings for each Series does not exceed the amount such Series is permitted to borrow under the 1940 Act;

(i) Its transmission or giving of Certificates, Instructions, or Oral Instructions pursuant to this Agreement shall at all times comply with the 1940 Act;

(j) It shall impose and maintain restrictions on the destinations to which cash may be disbursed by Instructions to ensure that each disbursement is for a proper purpose; and

(k) It has the right to make the pledge and grant the security interest and security entitlement to Custodian contained in Section 1 of Article V hereof, free of any right of redemption or prior claim of any other person or entity (except as otherwise provided by law) , such pledge and such grants shall have a first priority subject to no setoffs, counterclaims, or other liens or grants prior to or on a parity therewith, and it shall take such additional steps as Custodian may require to assure such priority.

3. Custodian hereby represents and warrants, which representations and warranties shall be continuing and shall be deemed to be reaffirmed upon each receipt of a Certificate or Oral Instructions or Instructions by the Fund, that:

(a) It is duly organized and existing under the laws of the jurisdiction of its organization, with full power to carry on its business as now conducted, to enter into this Agreement, and to perform its obligations hereunder;

(b) This Agreement has been duly authorized, executed and delivered by Custodian, constitutes a valid and legally binding obligation of Custodian, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforceability of creditors' rights or by equitable principles generally applied, and there is no statute, regulation, rule, order or judgment binding on it, and no provision of its charter or by-laws, nor of any mortgage, indenture, credit agreement or other contract binding on it or affecting its property, which would prohibit its execution or performance of this Agreement;

(c) It will not knowingly use the Securities and cash delivered to it pursuant to this Agreement in any manner that is, or will result in, a violation of any law, rule or regulation applicable to Custodian;

(d) It has established policies and procedures reasonably designed to prevent violation of applicable federal and state laws and regulations.

(e) It will not provide services hereunder in any manner that is, or will result in, a violation of any law, rule or regulation applicable to the Custodian;

(f) Custodian will submit to the Fund on an annual basis a copy of its report prepared in compliance with the requirements of Statement of Auditing Standards No. 70 issued by the American Institute of Certified Public Accountants, as it may be amended from time to time (“SAS 70 reports”); and

(g) It has at least the minimum qualifications required by Section 17(f)(1) of the 1940 Act to act as custodian of the Securities and cash of the Fund.

4. The Fund hereby covenants that it shall from time to time complete and execute and deliver to Custodian upon Custodian’s request a Form FR U-1 (or successor form) whenever the Fund borrows from Custodian any money to be used for the purchase or carrying of margin stock as defined in Federal Reserve Regulation U.

ARTICLE III CUSTODY AND RELATED SERVICES

1. (a) Subject to the terms hereof, the Fund hereby authorizes Custodian to hold any Securities received by it from time to time for the Fund’s account. Custodian shall be entitled to utilize, subject to subsection (c) of this Section 1, Depositories, Subcustodians, and, subject to subsection (d) of this Section 1, Foreign Depositories, to the extent possible in connection with its performance hereunder. Securities and cash held in a Depository or Foreign Depository will be held subject to the rules, terms and conditions of such entity. Securities and cash held through Subcustodians shall be held subject to the terms and conditions of Custodian’s agreements with such Subcustodians. Subcustodians may be authorized to hold Securities in Foreign Depositories in which such Subcustodians participate. Unless otherwise required by local law or practice or a particular Subcustodian agreement, Securities deposited with a Subcustodian, a Depository or a Foreign Depository will be held in a commingled account, in the name of Custodian, holding only Securities held by Custodian as custodian for its customers. Custodian shall identify on its books and records the Securities and cash belonging to the Fund and its separate Series, whether held directly or indirectly through Depositories, Foreign Depositories, or Subcustodians. Custodian shall, directly or indirectly through Subcustodians, Depositories, or Foreign Depositories, endeavor, to the extent feasible, to hold Securities in the country or other jurisdiction in which the principal trading market for such Securities is located, where such Securities are to be presented for cancellation and/or payment and/or registration, or where such Securities are acquired. Custodian at any time may cease utilizing any Subcustodian and/or may replace a Subcustodian with a different Subcustodian (the “Replacement Subcustodian”). In the event Custodian selects a Replacement Subcustodian, Custodian shall not utilize such Replacement Subcustodian until after the Fund’s board or foreign custody manager has determined that utilization of such Replacement Subcustodian satisfies the requirements of the 1940 Act and Rule 17f-5 thereunder.

(b) Unless Custodian has received a Certificate or Instructions to the contrary, Custodian shall hold Securities indirectly through a Subcustodian only if (i) the Securities are not subject to any right, charge, security interest, lien or claim of any kind in favor of such Subcustodian or its creditors or operators, including a receiver or trustee in bankruptcy or similar authority, except for a claim of payment for the safe custody or administration of Securities on behalf of the Fund by such Subcustodian, and (ii) beneficial ownership of the Securities is freely transferable without the payment of money or value other than for safe custody or administration.

(c) With respect to each Depository, Custodian (i) shall exercise due care in accordance with reasonable commercial standards in discharging its duties as a securities intermediary to obtain and thereafter maintain Securities or financial assets deposited or held in such Depository, and (ii) will provide, promptly upon request by the Fund, such reports as are available concerning the internal accounting controls and financial strength of Custodian.

(d) With respect to each Foreign Depository, Custodian shall exercise reasonable care, prudence, and diligence (i) to provide the Fund with an analysis of the custody risks associated with maintaining assets with the Foreign Depository in advance of any transfer of assets to such Foreign Depository, to the extent reasonably practical under the circumstances, and (ii) to monitor such custody risks on a continuing basis and promptly notify the Fund or its investment adviser, if so directed by the Fund, of any material change in such risks. The Fund acknowledges and agrees that such analysis and monitoring shall be made on the basis of, and limited by, information gathered from Subcustodians or through publicly available information otherwise obtained by Custodian, and shall not include evaluation of Country Risks. As used herein the term "Country Risks" shall mean with respect to any Foreign Depository: (a) the financial infrastructure of the country in which it is organized, (b) such country' s prevailing custody and settlement practices, (c) nationalization, expropriation or other governmental actions, (d) such country' s regulation of the banking or securities industry, (e) currency controls, restrictions, devaluations or fluctuations, and (f) market conditions which affect the order execution of securities transactions or affect the value of securities.

2. Custodian shall furnish the Fund with an advice of daily transactions (including a confirmation of each transfer of Securities) and a monthly summary of all transfers to or from the Accounts.

3. With respect to all Securities held hereunder, Custodian shall, unless otherwise instructed to the contrary:

(a) Receive all income and other payments and advise the Fund as promptly as practicable of any such amounts due but not paid;

(b) Present for payment and receive the amount paid upon all Securities which may mature and advise the Fund as promptly as practicable of any such amounts due but not paid;

(c) Forward to the Fund copies of all information or documents that it may actually receive from an issuer of Securities which, in the opinion of Custodian, are intended for the beneficial owner of Securities;

(d) Execute, as custodian, any certificates of ownership, affidavits, declarations or other certificates under any tax laws now or hereafter in effect in connection with the collection of bond and note coupons;

(e) Hold directly or through a Depository, a Foreign Depository, or a Subcustodian all rights and similar Securities issued with respect to any Securities credited to an Account hereunder; and

(f) Endorse for collection checks, drafts or other negotiable instruments.

4. (a) Custodian shall notify the Fund of rights or discretionary actions with respect to Securities held hereunder, and of the date or dates by when such rights must be exercised or such action must be taken, provided that Custodian has actually received, from the issuer or the relevant Depository (with respect to Securities issued in the United States) or from the relevant Subcustodian, Foreign Depository, or a nationally or internationally recognized bond or corporate action service to which Custodian subscribes (each a "Notice Provider" and collectively "Notice Providers"), timely notice of such rights or discretionary corporate action or of the date or dates such rights must be exercised or such action must be taken. Absent actual receipt of such notice, Custodian shall have no liability for failing to so notify the Fund. Custodian shall use commercially reasonable care in forwarding such Notice to the relevant Fund. Custodian shall be reasonable in its selection of a Notice Provider other than a Foreign Depository.

(b) Whenever Securities (including, but not limited to, warrants, options, tenders, options to tender or non-mandatory puts or calls) confer discretionary rights on the Fund or provide for discretionary action or alternative courses of action by the Fund, the Fund shall be responsible for making any decisions relating thereto and for directing Custodian to act. In order for Custodian to act, it must receive the Fund's Certificate or Instructions at Custodian's offices, addressed as Custodian may from time to time request, not later than noon (New York time) at least two (2) Business Days prior to the last scheduled date to act with respect to such Securities (or such earlier date or time as Custodian may specify to the Fund). Absent Custodian's timely receipt of such Certificate or Instructions, Custodian shall not be liable for failure to take any action relating to or to exercise any rights conferred by such Securities, unless attributable to Custodian's own negligence or willful misconduct in discharging its duties hereunder.

5. All voting rights with respect to Securities, however registered, shall be exercised by the Fund or its designee. Custodian will make available to the Fund proxy voting services upon the request of, and for the jurisdictions selected by, the Fund in accordance with terms and conditions to be mutually agreed upon by Custodian and the Fund.

6. Custodian shall promptly advise the Fund upon Custodian's actual receipt of notification of the partial redemption, partial payment or other action affecting less than all Securities of the relevant class. If Custodian, any Subcustodian, any Depository, or any Foreign

Depository holds any Securities in which the Fund has an interest as part of a fungible mass, Custodian, such Subcustodian, Depository, or Foreign Depository may select the Securities to participate in such partial redemption, partial payment or other action in any non-discriminatory manner that it customarily uses to make such selection.

7. Custodian shall not under any circumstances accept bearer interest coupons which have been stripped from United States federal, state or local government or agency securities unless explicitly agreed to by Custodian in writing.

8. The Fund shall be liable for all taxes, assessments, duties and other governmental charges, including any interest or penalty with respect thereto ("Taxes"), with respect to any cash or Securities held on behalf of the Fund or any transaction related thereto. The Fund shall indemnify Custodian and each Subcustodian for the amount of any Tax that Custodian, any such Subcustodian or any other withholding agent is required under applicable laws (whether by assessment or otherwise) to pay on behalf of, or in respect of income earned by or payments or distributions made to or for the account of the Fund (including any payment of Tax required by reason of an earlier failure to withhold). Custodian shall, or shall instruct the applicable Subcustodian or other withholding agent to, withhold the amount of any Tax which is required to be withheld under applicable law upon collection of any dividend, interest or other distribution made with respect to any Security and any proceeds or income from the sale, loan or other transfer of any Security. In the event that Custodian or any Subcustodian is required under applicable law to pay any Tax on behalf of the Fund, Custodian is hereby authorized, provided that prior notice is given to the Fund, to withdraw cash from any cash account in the amount required to pay such Tax and to use such cash, or to remit such cash to the appropriate Subcustodian or other withholding agent, for the timely payment of such Tax in the manner required by applicable law. If the aggregate amount of cash in all cash accounts is not sufficient to pay such Tax, Custodian shall promptly notify the Fund of the additional amount of cash (in the appropriate currency) required, and the Fund shall directly deposit such additional amount in the appropriate cash account promptly after receipt of such notice, for use by Custodian as specified herein. In the event that Custodian reasonably believes that Fund is eligible, pursuant to applicable law or to the provisions of any tax treaty, for a reduced rate of, or exemption from, any Tax which is otherwise required to be withheld or paid on behalf of the Fund under any applicable law, Custodian shall notify the Fund of the existence of the reduced rate or exemption and shall (or shall instruct the applicable Subcustodian or withholding agent to) either withhold or pay such Tax at such reduced rate or refrain from withholding or paying such Tax, as appropriate; provided that Custodian shall have received from the Fund all documentary evidence of residence or other qualification for such reduced rate or exemption required to be received under such applicable law or treaty. In the event that Custodian reasonably believes that a reduced rate of, or exemption from, any Tax is obtainable only by means of an application for refund, Custodian and the applicable Subcustodian shall have no responsibility for the accuracy or validity of any forms or documentation provided by the Fund to Custodian hereunder. The Fund hereby agrees to indemnify and hold harmless Custodian and each Subcustodian in respect of any liability arising from any underwithholding or underpayment of any Tax which results from the inaccuracy or invalidity of any such forms or other documentation, and such obligation to indemnify shall be a continuing obligation of the Fund, its successors and assigns notwithstanding the termination of this Agreement.

9. (a) For the purpose of settling Securities and foreign exchange transactions, the Fund shall provide Custodian with sufficient immediately available funds for all transactions by such time and date as conditions in the relevant market dictate. As used herein, "sufficient immediately available funds" shall mean either (i) sufficient cash denominated in U.S. dollars to purchase the necessary foreign currency, or (ii) sufficient applicable foreign currency, to settle the transaction. Custodian shall provide the Fund with immediately available funds each day which result from the actual settlement of all sale transactions, based upon advices received by Custodian from Subcustodians, Depositories, and Foreign Depositories. Such funds shall be in U.S. dollars or such other currency as the Fund may specify to Custodian.

(b) Any foreign exchange transaction effected by Custodian in connection with this Agreement may be entered with Custodian or a Custodian Affiliate acting as principal or otherwise through customary banking channels. The Fund may issue a standing Certificate or Instructions with respect to foreign exchange transactions, but Custodian may establish rules or limitations concerning any foreign exchange facility made available to the Fund. The Fund shall bear all risks of investing in Securities or holding cash denominated in a foreign currency.

(c) To the extent that Custodian has agreed to provide pricing or other information services in connection with this Agreement, Custodian is authorized to utilize any vendor (including brokers and dealers of Securities) reasonably believed by Custodian to be reliable to provide such information. The Fund understands that certain pricing information with respect to complex financial instruments (e.g., derivatives) may be based on calculated amounts rather than actual market transactions and may not reflect actual market values, and that the variance between such calculated amounts and actual market values may or may not be material. Where vendors do not provide information for particular Securities or other property, an Authorized Person may advise Custodian in a Certificate regarding the fair market value of, or provide other information with respect to, such Securities or property as determined by it in good faith. Custodian shall not be liable for any loss, damage or expense incurred as a direct result of errors or omissions with respect to any pricing or other information utilized by Custodian hereunder, except to the extent that such loss, damage or expense is a result of its own negligence or willful misconduct in utilizing such pricing or other information in discharging its duties hereunder. Notwithstanding the foregoing, Custodian shall be liable for the performance of any vendor selected by the Custodian that is a Custodian Affiliate to the same extent as Custodian would have been liable if it performed such services itself.

10. Until such time as Custodian receives a certificate to the contrary with respect to a particular Security, Custodian may release the identity of the Fund to an issuer which requests such information pursuant to the Shareholder Communications Act of 1985 for the specific purpose of direct communications between such issuer and shareholder.

11. Custodian shall continuously maintain such back-up systems and disaster recovery plans as are required by all applicable laws and regulations.

12. Custodian shall provide sub-certifications as reasonably requested by the Funds in connection with any certification required by the Sarbanes-Oxley Act of 2002 or any rules or regulations promulgated thereunder.

ARTICLE IV
PURCHASE AND SALE OF SECURITIES;
CREDITS TO ACCOUNT

1. Promptly after each purchase or sale of Securities by the Fund, the Fund shall deliver to Custodian a Certificate, Instructions, or, with respect to a purchase or sale of a Security generally required to be settled on the same day the purchase or sale is made, Oral Instructions specifying all information Custodian may reasonably request to settle such purchase or sale. Custodian shall account for all purchases and sales of Securities on the actual settlement date unless otherwise agreed by Custodian.

2. The Fund understands that when Custodian is instructed to deliver Securities against payment, delivery of such Securities and receipt of payment therefor may not be completed simultaneously. Notwithstanding any provision in this Agreement to the contrary, settlements, payments and deliveries of Securities may be effected by Custodian or any Subcustodian in accordance with the customary or established securities trading or securities processing practices and procedures in the jurisdiction in which the transaction occurs, including, without limitation, delivery to a purchaser or dealer therefor (or agent) against receipt with the expectation of receiving later payment for such Securities. The Fund assumes full responsibility for all risks, including, without limitation, credit risks, involved in connection with such deliveries of Securities, except the foregoing shall not excuse Custodian's acting in accordance with such practices and procedures in a manner that constitutes negligence, bad faith, or willful misconduct.

3. Custodian may, as a matter of bookkeeping convenience or by separate agreement with the Fund, credit the Account with the proceeds from the sale, redemption or other disposition of Securities or interest, dividends or other distributions payable on Securities prior to its actual receipt of final payment therefor. All such credits shall be conditional until Custodian's actual receipt of final payment and may be reversed by Custodian to the extent that final payment is not received. Custodian shall notify the Fund at least 24 hours prior to any such reversal, but such reversal shall be made as of the date Custodian determines it has not received final payment. Payment with respect to a transaction will not be "final" until Custodian shall have received immediately available funds which under applicable local law, rule and/or practice are irreversible and not subject to any security interest, levy or other encumbrance, and which are specifically applicable to such transaction.

ARTICLE V
OVERDRAFTS OR INDEBTEDNESS

1. If Custodian should in its sole discretion advance funds on behalf of any Series which results in an overdraft (including, without limitation, any day-light overdraft) because the money held by Custodian in an Account for such Series shall be insufficient to pay the total amount payable upon a purchase of Securities specifically allocated to such Series, as set forth in a Certificate, Instructions or Oral Instructions, or if an overdraft arises in the separate account of a Series for some other reason, including, without limitation, because of a reversal of a conditional credit or the purchase of any currency, or if the Fund is for any other reason indebted to

Custodian with respect to a Series, including any indebtedness to The Bank of New York under the Fund' s Cash Management and Related Services Agreement (except a borrowing for investment or for temporary or emergency purposes using Securities as collateral pursuant to a separate agreement and subject to the provisions of Section 2 of this Article), such overdraft or indebtedness shall be deemed to be a loan made by Custodian to the Fund for such Series payable on demand and shall bear interest from the date incurred at a rate per annum agreed by the Fund and Custodian from time to time, or, in the absence of an agreement, at the rate ordinarily charged by Custodian to its institutional customers, as such rate may be adjusted from time to time. In addition, the Fund hereby agrees that Custodian shall to the maximum extent permitted by law have a continuing lien, security interest, and security entitlement in and to such Securities of the Fund, at any time held by Custodian for the benefit of the Fund or in which the Fund may have an interest which is then in Custodian' s possession or control or in possession or control of any duly appointed third-party acting on Custodian' s behalf in accordance with the terms of this Agreement, as shall have a fair market value equal to the aggregate amount of all overdrafts of, or advances to, the Fund, together with accrued interest, such lien, security interest and security entitlement to be effective only so long as such advance, overdraft, or accrued interest thereon remains outstanding. The Fund authorizes Custodian at any time to charge any such overdraft or indebtedness together with interest due thereon against any balance of account standing to such Series' credit on Custodian' s books. Custodian shall as promptly as practicable under the circumstances notify the Fund when such Fund has an overdraft or indebtedness bearing interest as provided in this Section (1) or whenever Custodian intends to charge such overdraft or indebtedness to the balance of any Fund Account.

2. If the Fund borrows money from any bank (including Custodian if the borrowing is pursuant to a separate agreement) for investment or for temporary or emergency purposes using Securities held by Custodian hereunder as collateral for such borrowings, the Fund shall deliver to Custodian a Certificate specifying with respect to each such borrowing: (a) the Series to which such borrowing relates; (b) the name of the bank, (c) the amount of the borrowing, (d) the time and date, if known, on which the loan is to be entered into, (e) the total amount payable to the Fund on the borrowing date, (f) the Securities to be delivered as collateral for such loan, including the name of the issuer, the title and the number of shares or the principal amount of any particular Securities, and (g) a statement specifying whether such loan is for investment purposes or for temporary or emergency purposes and that such loan is in conformance with the 1940 Act and the Fund' s prospectus. Custodian shall deliver on the borrowing date specified in a Certificate the specified collateral against payment by the lending bank of the total amount of the loan payable, provided that the same conforms to the total amount payable as set forth in the Certificate. Custodian may, at the option of the lending bank, keep such collateral in its possession, but such collateral shall be subject to all rights therein given the lending bank by virtue of any promissory note or loan agreement. Custodian shall deliver such Securities as additional collateral as may be specified in a Certificate to collateralize further any transaction described in this Section. The Fund shall cause all Securities released from collateral status to be returned directly to Custodian, and Custodian shall receive from time to time such return of collateral as may be tendered to it. In the event that the Fund fails to specify in a Certificate the Series, the name of the issuer, the title and number of shares or the principal amount of any particular Securities to be delivered as collateral by Custodian, Custodian shall not be under any

obligation to deliver any Securities. In this event, Custodian shall notify the Fund that the Securities were not delivered, and the information that the Fund failed to specify in the Certificate.

**ARTICLE VI
SALE AND REDEMPTION OF SHARES**

1. Whenever the Fund shall sell any shares issued by the Fund ("Shares") it shall deliver to Custodian a Certificate or Instructions specifying the amount of money and/or Securities to be received by Custodian for the sale of such Shares and specifically allocated to an Account for such Series.

2. Upon receipt of such money, Custodian shall credit such money to an Account in the name of the Series for which such money was received.

3. Except as provided hereinafter, whenever the Fund desires Custodian to make payment out of the money held by Custodian hereunder in connection with a redemption of any Shares, it shall furnish to Custodian a Certificate or Instructions specifying the total amount to be paid for such Shares. Custodian shall make payment of such total amount to the transfer agent specified in such Certificate or Instructions out of the money held in an Account of the appropriate Series.

4. Notwithstanding the above provisions regarding the redemption of any Shares, whenever any Shares are redeemed pursuant to any check redemption privilege which may from time to time be offered by the Fund, Custodian, unless otherwise instructed by a Certificate or Instructions, shall, upon presentment of such check, charge the amount thereof against the money held in the Account of the Series of the Shares being redeemed, provided, that if the Fund or its agent timely advises Custodian that such check is not to be honored, Custodian shall return such check unpaid.

**ARTICLE VII
PAYMENT OF DIVIDENDS OR DISTRIBUTIONS**

1. Whenever the Fund shall determine to pay a dividend or distribution on Shares it shall furnish to Custodian Instructions or a Certificate setting forth with respect to the Series specified therein the date of the declaration of such dividend or distribution, the total amount payable, and the payment date.

2. Upon the payment date specified in such Instructions or Certificate, Custodian shall pay out of the money held for the account of such Series the total amount payable to the dividend agent of the Fund specified therein.

**ARTICLE VIII
CONCERNING CUSTODIAN**

(a) Custodian shall exercise such good faith, reasonable care, diligence and prudence in carrying out the duties and obligations set forth herein as a professional custodian would exercise

under the facts and circumstances. Except as otherwise expressly provided herein, Custodian shall not be liable for any costs, expenses, damages, liabilities or claims, including attorneys' and accountants' fees (collectively, "Losses"), incurred by or asserted against the Fund, except those Losses arising out of Custodian's own negligence, bad faith or willful misconduct. Custodian shall have no liability whatsoever for the action or inaction of any Depositories or of any Foreign Depositories, except in each case to the extent such action or inaction is a direct result of the Custodian's failure to fulfill its duties hereunder. With respect to any Losses incurred by the Fund as a result of the acts or any failures to act by any Depository, Foreign Depository or Subcustodian (other than a Custodian Affiliate), Custodian shall take appropriate action to recover such Losses from such Subcustodian; provided that, at the Fund's election and to the extent practicable under the circumstances and allowable under the Subcustodian agreement and/ or the law pursuant to which a Subcustodian agreement is construed, the Fund shall be subrogated on behalf of the Series to the rights of the Custodian with respect to any claims against a Subcustodian as a consequence of any such Loss if and to the extent that the Series have not been made whole for any such Loss by such Subcustodian.

1. In no event shall Custodian be liable to the Fund or any third party for special, indirect or consequential damages, or lost profits or loss of business, arising in connection with this Agreement, nor shall Custodian or any Subcustodian be liable: (i) for acting in accordance with any Certificate or Oral Instructions actually received by Custodian and reasonably believed by Custodian to be given by an Authorized Person; (ii) for acting in accordance with Instructions without reviewing the same; (iii) for presuming that all Instructions are given only by person(s) duly authorized; (iv) for presuming that all disbursements of cash directed by the Fund, whether by a Certificate, an Oral Instruction, or an Instruction, are in accordance with Section 2(i) of Article II hereof; (v) for holding property in any particular country, including, but not limited to, Losses resulting from nationalization, expropriation or other governmental actions; regulation of the banking or securities industry; exchange or currency controls or restrictions, devaluations or fluctuations; availability of cash or Securities or market conditions which prevent the transfer of property or execution of Securities transactions or affect the value of property; (vi) for any Losses due to forces beyond the control of Custodian, including without limitation acts of war or terrorism, insurrection, revolution, nuclear or natural catastrophes or acts of God, or interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, but only if Custodian is maintaining such back-up systems and disaster recovery plans as set forth in Section (11) of Article III of this Agreement; (vii) for the insolvency of any Subcustodian (other than a Custodian Affiliate), any Depository, or, except to the extent such action or inaction is a direct result of the Custodian's failure to fulfill its duties hereunder, any Foreign Depository; or (viii) for any Losses arising from the applicability of any law or regulation now or hereafter in effect, or from the occurrence of any event, including, without limitation, implementation or adoption of any rules or procedures of a Foreign Depository, which may affect, limit, prevent or impose costs or burdens on, the transferability, convertibility, or availability of any currency or Composite Currency Unit in any country or on the transfer of any Securities, and in no event shall Custodian be obligated to substitute another currency for a currency (including a currency that is a component of a Composite Currency Unit) whose transferability, convertibility or availability has been affected, limited, or prevented by such law, regulation or event, and to the extent that any such law, regulation or event imposes a

cost or charge upon Custodian in relation to the transferability, convertibility, or availability of any cash currency or Composite Currency Unit, such cost or charge shall be for the account of the Fund, and Custodian may treat any account denominated in an affected currency as a group of separate accounts denominated in the relevant component currencies.

(b) Custodian may enter into subcontracts, agreements and understandings with any Custodian Affiliate, whenever and on such terms and conditions as it deems necessary or appropriate to perform its services hereunder, provided that Custodian acts in good faith and with reasonable care, diligence and prudence in doing so. No such subcontract, agreement or understanding shall discharge Custodian from its obligations hereunder, and Custodian shall be liable for the acts or omissions of any Custodian Affiliate to the same extent as it is liable for such acts and omissions under this Agreement.

(c) The Fund agrees to indemnify Custodian and hold Custodian harmless from and against any and all Losses sustained or incurred by or asserted against Custodian by reason of or as a result of any action or inaction, or arising out of Custodian's performance hereunder, including reasonable fees and expenses of counsel incurred by Custodian in a successful defense of claims by the Fund; provided however, that the Fund shall not indemnify Custodian for those Losses arising out of Custodian's own negligence, bad faith or willful misconduct or for any Losses that constitute indirect, special or consequential damages or lost profits. This indemnity shall be a continuing obligation of the Fund, its successors and assigns, notwithstanding the termination of this Agreement.

(d) Custodian agrees to indemnify the Fund against and hold the Fund harmless from and against any and all direct damages sustained or incurred because of or in connection with this Agreement; provided however, that Custodian shall only indemnify the Fund for those direct damages arising out of Custodian's own negligence, bad faith or willful misconduct. This indemnity shall be a continuing obligation of Custodian, its successors and assigns, notwithstanding the termination of this Agreement.

2. Without limiting the generality of the foregoing (provided that Custodian's acts or omissions do not constitute bad faith, willful misconduct or a breach of any representation or warranty of Custodian in this Agreement), Custodian shall be under no obligation to inquire into, and shall not be liable for:

(a) Any Losses incurred by the Fund or any other person as a result of the receipt or acceptance of fraudulent, forged or invalid Securities, or Securities which are otherwise not freely transferable or deliverable without encumbrance in any relevant market;

(b) The validity of the issue of any Securities purchased, sold, or written by or for the Fund, the legality of the purchase, sale or writing thereof, or the propriety of the amount paid or received therefor;

(c) The legality of the sale or redemption of any Shares, or the propriety of the amount to be received or paid therefor;

(d) The legality of the declaration or payment of any dividend or distribution by the Fund;

(e) The legality of any borrowing by the Fund;

(f) The legality of any loan of portfolio Securities, nor shall Custodian be under any duty or obligation to see to it that any cash or collateral delivered to it by a broker, dealer or financial institution or held by it at any time as a result of such loan of portfolio Securities is adequate security for the Fund against any loss it might sustain as a result of such loan, which duty or obligation shall be the sole responsibility of the Fund. In addition, Custodian shall be under no duty or obligation to see that any broker, dealer or financial institution to which portfolio Securities of the Fund are lent makes payment to it of any dividends or interest which are payable to or for the account of the Fund during the period of such loan or at the termination of such loan, provided, however that Custodian shall promptly notify the Fund in the event that such dividends or interest are not paid and received when due;

(g) The sufficiency or value of any amounts of money and/or Securities held in any Special Account in connection with transactions by the Fund; whether any broker, dealer, futures commission merchant or clearing member makes payment to the Fund of any variation margin payment or similar payment which the Fund may be entitled to receive from such broker, dealer, futures commission merchant or clearing member, or whether any payment received by Custodian from any broker, dealer, futures commission merchant or clearing member is the amount the Fund is entitled to receive, or to notify the Fund of Custodian's receipt or non-receipt of any such payment, except that Custodian shall as promptly as practical under the circumstances notify the Fund of any difference between the amount the Fund has specified in a Certificate or Oral Instructions as the amount to be received and the amount the Custodian actually receives or does not receive; or

(h) Whether any Securities at any time delivered to, or held by it or by any Subcustodian, for the account of the Fund and specifically allocated to a Series are such as properly may be held by the Fund or such Series under the provisions of its then current prospectus and statement of additional information, or to ascertain whether any transactions by the Fund, whether or not involving Custodian, are such transactions as may properly be engaged in by the Fund.

3. Custodian may consult with the Fund's counsel and may rely on advice given by the Fund's counsel so long as Custodian provides written notification to the appropriate Fund as promptly as practical under the circumstances in advance of acting on the advice or opinion of counsel when such advice or opinion is inconsistent with the terms of this Agreement or other instructions or procedures provided by the Fund. Fund counsel, however, shall have no obligation to consult with or provide advice to Custodian. Custodian, at its own cost, may consult with its own counsel.

4. Custodian shall be under no obligation to take action to collect any amount payable on Securities in default, or if payment is refused after due demand and presentment, except that Custodian shall as promptly as practical under the circumstances notify the Fund in writing of such refusal to pay.

5. Custodian shall have no duty or responsibility to inquire into, make recommendations, supervise, or determine the suitability of any transactions affecting any Account.

6. The Fund shall pay to Custodian the fees and charges as may be specifically agreed upon from time to time and set forth in Schedule III hereto and such other fees and charges at Custodian's standard rates for such services as may be applicable and agreed to by the parties in advance. The Fund shall reimburse Custodian for all costs associated with the conversion of the Fund's Securities hereunder and the transfer of Securities and records kept in connection with this Agreement. The Fund shall also reimburse Custodian for out-of-pocket expenses which are a normal incident of the services provided hereunder.

7. Custodian has the right to debit any cash account for any amount payable by the Fund in connection with any and all obligations of the Fund to Custodian, provided that Custodian has notified the Fund in advance of such debit. In addition to the rights of Custodian under applicable law and other agreements, at any time when the Fund shall not have honored any of its obligations to Custodian, Custodian shall have the right without notice to the Fund to retain or set-off, against such obligations of the Fund, any Securities or cash Custodian or a Custodian Affiliate may directly or indirectly hold for the account of the Fund, and any obligations (whether matured or unmatured) that Custodian or a Custodian Affiliate may have to the Fund in any currency or Composite Currency Unit and Custodian shall notify the Fund whenever it has exercised such right. Any such asset of, or obligation to, the Fund may be transferred to Custodian and any Custodian Affiliate in order to effect the above rights.

8. The Fund agrees to forward to Custodian a Certificate or Instructions confirming Oral Instructions by the close of business of the same day that such Oral Instructions are given to Custodian. The Fund agrees that the fact that such confirming Certificate or Instructions are not received or that a contrary Certificate or contrary Instructions are received by Custodian shall in no way affect the validity or enforceability of transactions authorized by such Oral Instructions and effected by Custodian. If the Fund elects to transmit Instructions through an on-line communications system offered by Custodian, the Fund's use thereof shall be subject to the Terms and Conditions attached as Appendix I hereto. If Custodian receives Instructions which appear on their face to have been transmitted by an Authorized Person via (i) computer facsimile, email, the Internet or other insecure electronic method, or (ii) secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, the Fund understands and agrees that Custodian cannot determine the identity of the actual sender of such Instructions and that Custodian shall presume that such Written Instructions have been sent by an Authorized Person, so long as Custodian provides authorization codes, passwords and/or authorization keys only to Authorized Persons or persons reasonably believed by the Custodian to be Authorized Persons. If the Fund elects (with Custodian's prior consent) to transmit Instructions through an on-line communications service owned or operated by a third party, the Fund agrees that Custodian shall not be responsible or liable for the reliability or availability of any such service.

9. The books and records pertaining to the Fund which are in possession of Custodian shall be the property of the Fund and shall be surrendered to the Fund promptly upon request. Such books and records shall be prepared and maintained as required by the 1940 Act and the rules thereunder and other applicable securities laws and regulations. The Fund, or its authorized representatives, shall have access to such books and records during Custodian's normal business hours. Upon the reasonable request of the Fund, copies of any such books and records shall be provided by Custodian to the Fund or its authorized representative. Upon the reasonable request of the Fund, Custodian as promptly as practicable under the circumstances shall provide in hard copy or in electronic form any records included in any such delivery which are maintained by Custodian on a computer disc, or are similarly maintained.

10. It is understood that Custodian is authorized to supply any information regarding the Accounts which is required by any law, regulation or rule now or hereafter in effect. The Custodian shall provide the Fund with any report obtained by the Custodian on the system of internal accounting control of a Depository, including any SAS 70 reports, and with such reports on Custodian's own system of internal accounting control, including any SAS 70 reports, as the Fund may reasonably request and the Custodian is permitted to supply in accordance with applicable law, from time to time.

11. Neither Custodian nor the Fund shall have any duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement.

ARTICLE IX TERMINATION

1. Either of the parties hereto may terminate this Agreement by giving to the other party a notice in writing specifying the date of such termination, which shall be not less than sixty (60) days after the date of giving of such notice, provided that the Fund has the right to extend the notice period for any termination by Custodian for up to an additional thirty (30) days in the Fund's sole discretion. In the event such notice is given by the Fund, it shall be accompanied by a copy of a resolution of the board of the Fund, certified by the Secretary or any Assistant Secretary, electing to terminate this Agreement and designating a successor custodian or custodians, each of which shall be a bank or trust company having not less than \$2,000,000 aggregate capital, surplus and undivided profits. In the event such notice is given by Custodian, the Fund shall, on or before the termination date, deliver to Custodian a copy of a resolution of the board of the Fund, certified by the Secretary or any Assistant Secretary, designating a successor custodian or custodians. In the absence of such designation by the Fund, Custodian may designate a successor custodian which shall meet the requirements of the 1940 Act. Upon the date set forth in such notice this Agreement shall terminate, and Custodian shall upon receipt of a notice of acceptance by the successor custodian on that date deliver directly to the successor custodian all Securities and money then owned by the Fund and held by it as Custodian, after deducting all fees, expenses and other amounts for the payment or reimbursement of which it shall then be entitled. Custodian agrees to provide reasonable cooperation to the Fund in connection with the transition to a successor custodian.

2. If a successor custodian is not designated by the Fund or Custodian in accordance with the preceding Section, the Fund shall upon the date specified in the notice of termination of this Agreement and upon the delivery by Custodian of all Securities (other than Securities which cannot be delivered to the Fund) and money then owned by the Fund be deemed to be its own custodian and Custodian shall thereby be relieved of all duties and responsibilities pursuant to this Agreement, other than the duty with respect to Securities which cannot be delivered to the Fund to hold such Securities hereunder in accordance with this Agreement.

3. Following termination, Custodian will as promptly as is practicable under the circumstances, forward income and principal received, if any, with respect to the Fund, including but not limited to tax reclaim payments for tax reclaims filed prior to termination, to the designated successor custodian or the Fund, as applicable.

ARTICLE X MISCELLANEOUS

1. The Fund agrees to furnish to Custodian a new Certificate of Authorized Persons in the event of any change in the then present Authorized Persons. Until such new Certificate is received, Custodian shall be fully protected in acting upon Certificates or Oral Instructions of such present Authorized Persons.

2. Any notice or other instrument in writing, authorized or required by this Agreement to be given to Custodian, shall be sufficiently given if addressed to Custodian and received by it at its offices at One Wall Street, New York, New York 10286, or at such other place as Custodian may from time to time designate in writing.

3. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Fund shall be sufficiently given if addressed to the Fund and received by it at its offices at Two Greenwich Plaza, 3rd Floor, Greenwich, CT 06830, or at such other place as the Fund may from time to time designate in writing.

4. Each and every right granted to either party hereunder or under any other document delivered hereunder or in connection herewith, or allowed it by law or equity, shall be cumulative and may be exercised from time to time. No failure on the part of either party to exercise, and no delay in exercising, any right will operate as a waiver thereof, nor will any single or partial exercise by either party of any right preclude any other or future exercise thereof or the exercise of any other right.

5. It is expressly acknowledged and agreed that the obligations of the Fund hereunder shall not be binding upon any of the shareholders, trustees, officers, employees or agents of the Fund, personally, but shall bind only the property of the Fund as provided in its Declaration of Trust. The execution and delivery of this Agreement have been authorized by the trustees of the Fund and signed by an officer of the Fund, acting as such, and neither such authorization by such trustees nor such execution and delivery by such officer shall be deemed to have been made by any of them individually or to impose any liability on any of them personally, but shall bind only the property of the Fund as provided in its Declaration of Trust.

6. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any exclusive jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected thereby. This Agreement may not be amended or modified in any manner except by a written agreement executed by both parties, except that any amendment to the Schedule I hereto need be signed only by the Fund and any amendment to Appendix I hereto need be signed only by Custodian. This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by either party without the written consent of the other.

7. This Agreement shall be construed in accordance with the substantive laws of the State of New York, without regard to conflicts of laws principles thereof. The Fund and Custodian hereby consent to the jurisdiction of a state or federal court situated in New York City, New York in connection with any dispute arising hereunder. The Fund hereby irrevocably waives, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such proceeding brought in such a court and any claim that such proceeding brought in such a court has been brought in an inconvenient forum. The Fund and Custodian each hereby irrevocably waives any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement.

8. The Fund hereby acknowledges that Custodian is subject to federal laws, including the Customer Identification Program (CIP) requirements under the USA PATRIOT Act and its implementing regulations, pursuant to which Custodian must obtain, verify and record information that allows Custodian to identify the Fund. Accordingly, prior to opening an Account hereunder Custodian will ask the Fund to provide certain information including, but not limited to, the Fund' s name, physical address, tax identification number and other information that will help Custodian to identify and verify the Fund' s identity such as organizational documents, certificate of good standing, license to do business, or other pertinent identifying information. The Fund agrees that Custodian cannot open an Account hereunder unless and until Custodian verifies the Fund' s identity in accordance with its CIP.

9. The parties hereto agree that each shall treat confidentially all information provided by each party to the other regarding its business and operations. All confidential information provided by a party hereto shall be used by any other party hereto solely for the purpose of rendering or obtaining services pursuant to this Agreement and, except as may be required in carrying out this Agreement, shall not be disclosed to any third party without the prior consent of such providing party. The foregoing shall not be applicable to any information that is publicly available when provided or thereafter becomes publicly available other than through a breach of this Agreement, or that is required to be disclosed by or to any regulatory authority, any external or internal accountant, auditor or counsels of the parties hereto, by judicial or administration process or otherwise by applicable law, or to any disclosure made by a party if such party' s counsel has advised that such party could be liable under any applicable law or any judicial or administrative order or process for a failure to make such disclosure.

10. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

11. Assistance to the Fund in the Preparation of Documents. Custodian shall provide assistance customarily provided by a custodian to the Fund and its officers in connection with the preparation of its registration statement, other filings with regulators and all shareholder reports.

IN WITNESS WHEREOF, the Fund and Custodian have caused this Agreement to be executed by their respective officers, thereunto duly authorized, as of the day and year first above written.

AQR FUNDS

By: /s/ Brendan Kalb

Name: Brendan Kalb

Title: Secretary

Tax Identification No:

THE BANK OF NEW YORK MELLON

By: /s/ Bruce L. Baumann

Bruce L. Baumann

Title: Vice President

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SCHEDULE I
CERTIFICATE OF AUTHORIZED PERSONS

(Fund Written Instructions)

The undersigned hereby certifies that he/she is the duly elected and acting _____ of AQR Funds ("Fund"), and further certifies that the following officers or employees of the Fund [insert other entities whose officers or employees will serve as Authorized Persons] have been duly authorized in conformity with the Fund's Declaration of Trust and By-Laws to deliver Certificates to The Bank of New York Mellon ("Custodian") pursuant to the Custody Agreement between the Fund and Custodian dated _____, 2008 and that the signatures appearing opposite their names are true and correct:

Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature

This certificate supersedes any certificate of Authorized Persons you may currently have on file.

[seal]

By: _____
Title:

Date:

SCHEDULE II

SERIES of AQR Funds

AQR Global Equity Fund

AQR International Equity Fund

AQR International Small Cap Fund

AQR Emerging Markets Fund

AQR Large Cap Plus Fund

AQR Small Cap Core Fund

AQR Small Cap Growth Fund

AQR Diversified Arbitrage Fund

SCHEDULE III

Global Fund Services Fee Schedule

Mutual Fund Custody

Prepared for AQR Funds

November 2008

November 24, 2008



BNY Mellon Asset Servicing

Business Assumptions:

Eight (8) '40 Act Open-end Funds

5 US equity-based

3 International equity-based

I. Custody Services

U.S. Safekeeping

0.25 basis points on US assets market value

U.S. Securities Custody Transaction Charges*

\$ 4.00 Receive/Deliver - Book-Entry Settlements

\$15.00 Receive/Deliver - Physical Settlements, Options, Futures, and Other Derivatives

\$ 5.00 P&I Paydowns

\$ 5.00 Wire In/Out and official check requests to pay expenses

** Assumes electronic delivery of instructions to the Bank using industry standard methods, otherwise a surcharge of \$10 per transaction will apply.*

International Safekeeping and Transactions

Please refer to the Attachment I, Global Securities Fee Schedule.

November 24, 2008

BNY Mellon Asset Servicing

Billing Cycle

All fees will be billed on a monthly basis.

As agreed by:

AQR Funds

/s/ Brendan Kalb

Authorized Signature

Brendan Kalb, Secretary

Name

12/02/2008

Date

November 24, 2008

BNY Mellon

/s/ Bruce L. Baumann

Authorized Signature

Bruce L. Baumann, Vice President

Name

12/03/2008

Date

ATTACHMENT I
GLOBAL SECURITIES FEE SCHEDULE

FOR

AQR Capital Management

Dated: 11/08

<u>COUNTRY</u>	<u>ADMINISTRATION/ SAFEKEEPING FEE (IN BASIS POINTS) ¹</u>	<u>TRANSACTION FEE (US DOLLARS)</u>
Argentina (Equities)	17.0	55
Argentina (Bonds)	15.0	55
Australia	2.0	25
Austria (ATS Securities)	4.0	50
Bahrain	45.0	130
Bangladesh	45.0	150
Belgium (Equities)	2.5	35
Belgium (Bonds)	2.0	45
Belgium (T/Bills)	2.0	45
Benin	45.0	135
Bermuda	20.0	75

Botswana	45.0	130
Brazil	12.0	25
Bulgaria	40.0	90
Burkina Faso	45.0	135
Canada	1.25	15
Cayman Islands	1.0	10
Channel Islands (CREST eligible Equities/Bonds)	1.0	20
Channel Islands (Physical)	2.0	35
Chile	20.0	80
China	20.0	75
Colombia	45.0	105
Costa Rica	18.0	65
Croatia	30.0	75
Cyprus	20.0	50
Czech Republic (Equities/Bonds)	20.0	65
Czech Republic (T/Bills)	16.0	65
Denmark	2.0	35

Ecuador	35.0	80
Egypt	40.0	105
Estonia (EEK settled transactions)	10.0	35
Estonia (EUR settled transactions)	10.0	65
Euromarkets (Euroclear–Eurobonds only) ²	1.5	8

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BNY Mellon Asset Servicing

Euromarkets (Clearstream - Eurobonds only)	2.0	8
Finland	3.5	35
France	2.0	30
Germany	1.5	30
Ghana	45.0	130
Greece (Equities)	10.0	40
Greece (Bonds)	6.0	55
Guinea Bissau	45.0	135
Hong Kong (Equities/Bonds)	3.5	40
Hong Kong (CMU Bonds)	3.0	40
Hungary (KELER - Equities)	20.0	55
Hungary (KELER - Bonds)	25.0	55
Hungary (Physical)	35.0	110
Iceland	12.0	45
India (Dematerialised Securities)	13.0	105

India (Physical Securities)	65.0	175
Indonesia	11.0	95
Ireland (Equities)	3.5	35
Ireland (Gov' t Bonds)	1.5	16
Israel	20.0	40
Italy	2.0	35
Ivory Coast	45.0	135
Jamaica	40.0	65
Japan	1.5	12
Jordan (Equities/Bonds)	40.0	130
Jordan (Gov' t Bonds)	22.0	90
Kazakhstan (Equities)	55.0	135
Kazakhstan (Bonds)	35.0	145
Kenya	45.0	130
Latvia (Equities/Bonds)	40.0	55
Latvia (Gov' t Bonds)	12.0	55
Lebanon (Equities/Bonds)	45.0	130

Lebanon (Gov' t Bonds)	22.0	90
Lithuania	20.0	45
Luxembourg	10.0	100
Malaysia	4.5	45
Mali	45.0	135
Malta	20.0	65
Mauritius	30.0	115
Mexico	6.5	30
Morocco	35.0	105
Namibia	30.0	65
Netherlands	2.0	25
New Zealand	2.0	35
Niger	45.0	135

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BNY Mellon Asset Servicing

Nigeria	30.0	65
Norway	2.5	35
Oman	45.0	130
Pakistan	30.0	120
Palestinian Autonomous Area	45.0	120
Peru	35.0	85
Philippines	6.0	60
Poland (Equities/Bonds)	15.0	63
Poland (T/Bills)	10.0	65
Portugal	5.0	50
Qatar	40.0	120
Romania	40.0	75
Russia (Equities)	45.0	100
Russia (MinFins)	12.0	75
Senegal	45.0	135

Singapore	4.0	50
Slovak Republic (Equities/Bonds)	25.0	130
Slovak Republic (Promissory Notes)	25.0	250
Slovenia	35.0	65
South Africa	2.5	30
South Korea	7.0	45
Spain (Equities/Bonds)	4.0	40
Spain (Gov' t Bonds)	3.0	40
Sri Lanka	16.0	80
Swaziland	30.0	65
Sweden	2.0	30
Switzerland	2.0	35
Taiwan	15.0	60
Thailand	5.0	20
Togo	45.0	135
Trinidad & Tobago	25.0	55
Tunisia (Equities)	45.0	55

Tunisia (Bonds)	30.0	55
Tunisia (T/Bills)	10.0	55
Turkey (Equities)	12.5	50
Turkey (Bonds)	12.0	50
UAE	45.0	130
UK (CREST eligible Equities/Bonds/MMIs)	.5	10
UK (Unit Trusts)	2.0	35
UK (Third Party Unit Trusts)	2.0	35
UK (Physicals)	2.0	35
Ukraine (Equities)	65.0	245
Ukraine (Bonds)	20.0	75
Uruguay (Equities)	55.0	85
Uruguay (Bonds)	40.0	85

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BNY Mellon Asset Servicing

Venezuela	40.0	130
Vietnam	40.0	130
Zambia	40.0	130
Zimbabwe	40.0	130
Not In Bank/Not in Custody Assets ⁴	\$50 per line per month	50

1. Fee is expressed in basis points per annum and is calculated based upon month-end market value.
2. Eurobonds are held in Euroclear at a standard rate, but other types of securities (including but not limited to equities, domestic market debt and mutual funds) will be subject to a surcharge. In addition, certain transactions that are delivered within Euroclear or from a Euroclear account to a third party depository or settlement system, will be subject to a surcharge (surcharge schedule available upon request).

NOTE - For all other markets specified above, surcharges may apply if a security is held outside of the local market.

3. For DTC non-transferable assets: securities that have been non-transferable for more than 6 years. BNY Mellon's policy is to remove these securities from Client's account. Clients who decide to keep in their account a security identified as non-transferable for more than 6 years will be charged a fee of \$ 5.00 per security.
4. This fee will be applicable for assets held on The Bank of New York Mellon's Global Custody system but not custodied within The Bank of New York Mellon's network of sub-custodian banks. Procedures are to be agreed upon and an indemnification letter must be signed by the client prior to the setting up of the asset(s).

A Minimum fee of \$2,100 per month will be applied to the administration/safekeeping and securities transaction fees only per relationship.

The following fees will also apply:-

Custody Account Maintenance Fees will become applicable only where the total number of securities accounts exceeds 10 and will be charged at \$50 per month, per account.

Cash Transactions

Foreign Wires - charged at \$25 per movement.

3rd Party Foreign Exchange - a Foreign Exchange transaction undertaken through a third party will be charged \$50.

Straight Through Processing of securities and cash transactions - these fees are based on an assumption that The Bank of New York Mellon will receive instructions via SWIFT, The Bank of New York Mellon's proprietary systems or any other electronic medium, in a format (as agreed by The Bank of New York Mellon), which facilitates Straight Through Processing. Instructions received in any form, which does not facilitate Straight Through Processing, will be subject to a surcharge of \$20 per instruction.

Standard Proxy Services Fees

Notification	\$5
Vote	\$10
Relationship Set Up Fee	\$100

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BNY Mellon Asset Servicing

Tax Reclamation Services - may be subject additional charges depending upon the service level agreed. Tax reclaims that have been outstanding for more than 6 (six) months with the client will be charged \$50 per claim.

Tax Documentation Completion Service - USD 50.00 per tax document.

This will apply to fully or partially completed documents or per request made to the beneficiary' s tax authority for a Certificate of Residence in order to obtain relief at source.

Class Action enhanced online services package - this will be charged at \$1,250 per month and includes historical data query, online status reporting and Proof of Claim Filing

Communication Fees

INFORM

The provision of access to The Bank of New York Mellon proprietary application - INFORM - including installation and training for standard custody instructions and reporting is inclusive.

SWIFT Reporting and Message Fees - The following fees will apply in respect of client requested SWIFT reports and messages :-

Cash Reporting

MT900 - Cash Debit Advice	USD 1.80 each
MT910 - Cash Credit Advice	USD 1.80 each
MT940 - Detail Cash Statement	USD 1.00 per message
MT950 - Cash Statement	USD 1.00 per message

Securities Position Reporting

MT535 - Statement of Holdings	USD 2.00 per message
One MT535 will be issued per account per month free of charge.	
MT536 - Statement of Transactions	USD 2.00 per message
MT537 - Statement of Pending	USD 2.00 per message

Confirmations

MT544 - Receive Free Confirm	USD 1.00 per message
MT545 - Receive Against Payment Confirm	USD 1.00 per message
MT546 - Deliver Free Confirm	USD 1.00 per message
MT547 - Deliver Against Payment Confirm	USD 1.00 per message

Facsimile Reporting Fees

Corporate Actions Notifications
Cash and Securities Reports

\$2.00 per notification;
\$1.00 per page

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Out of Pocket Expenses

Charges incurred by The Bank of New York Mellon for local taxes, stamp duties or other local duties and assessments, stock exchange fees, postage and insurance for shipping, facsimile reporting, extraordinary telecommunications fees or other expenses which are unique to a country in which the client or its clients is investing will be passed along as incurred.

SWIFT charges.

Terms and Conditions of this Proposal

Any fee proposal will be valid for 90 days from the date of issue.

The Bank of New York Mellon reserves the right to amend the fees from those quoted should the actual business awarded differ significantly to the information on which this proposal was based.

All of the information contained within this schedule is confidential and should not be made available to third parties prior to reference to The Bank of New York Mellon.

Once signed the proposal shall remain valid for a period of not less than 3 (three) years.

Fees will be collected by direct debit on a monthly basis in arrears.

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ELECTRONIC SERVICES TERMS AND CONDITIONS

1. License; Use. (a) This Appendix I shall govern the Fund' s use of electronic communications, information delivery, portfolio management and banking services, that The Bank of New York Mellon and its affiliates (“Custodian”) may provide to the Fund, such as The Bank of New York Inform ™ and The Bank of New York CASH-Register Plus®, and any computer software, proprietary data and documentation provided by Custodian to the Fund in connection therewith (collectively, the “**Electronic Services**”). In the event of any conflict between the terms of this Appendix I and the main body of this Agreement with respect to the Fund' s use of the Electronic Services, the terms of this Appendix I shall control.

(b) Custodian grants to the Fund a personal, nontransferable and nonexclusive license to use the Electronic Services to which the Fund subscribes solely for the purpose of transmitting instructions and information (“Written Instructions”), obtaining reports, analyses and statements and other information and data, making inquiries and otherwise communicating with Custodian in connection with the Fund' s relationship with Custodian. The Fund shall use the Electronic Services solely for its own internal and proper business purposes and not in the operation of a service bureau. Except as set forth herein, no license or right of any kind is granted to with respect to the Electronic Services. The Fund acknowledges that Custodian and its suppliers retain and have title and exclusive proprietary rights to the Electronic Services, including any trade secrets or other ideas, concepts, know-how, methodologies, and information incorporated therein and the exclusive rights to any copyrights, trade dress, look and feel, trademarks and patents (including registrations and applications for registration of either), and other legal protections available in respect thereof. The Fund further acknowledges that all or a part of the Electronic Services may be copyrighted or trademarked (or a registration or claim made therefor) by Custodian or its suppliers. The Fund shall not take any action with respect to the Electronic Services inconsistent with the foregoing acknowledgments, nor shall the Fund attempt to decompile, reverse engineer or modify the Electronic Services. The Fund may not copy, distribute, sell, lease or provide, directly or indirectly, the Electronic Services or any portion thereof to any other person or entity without Custodian' s prior written consent. The Fund may not remove any statutory copyright notice or other notice included in the Electronic Services. The Fund shall reproduce any such notice on any reproduction of any portion of the Electronic Services and shall add any statutory copyright notice or other notice upon Custodian' s request.

(c) Portions of the Electronic Services may contain, deliver or rely on data supplied by third parties (“Third Party Data”), such as pricing data and indicative data, and services supplied by third parties (“Third Party Services”) such as analytic and accounting services. Third Party Data and Third Party Services supplied hereunder are

obtained from sources that Custodian believes to be reliable but are provided without any independent investigation by Custodian. Custodian and its suppliers do not represent or warrant that the Third Party Data or Third Party Services are correct, complete or current. Third Party Data and Third Party Services are proprietary to their suppliers, are provided solely for the Fund' s internal use, and may not be reused, disseminated or redistributed in any form. The Fund shall not use any Third Party Data in any manner that would act as a substitute for obtaining a license for the data directly from the supplier. Third Party Data and Third Party Services should not be used in making any investment decision. CUSTODIAN AND ITS SUPPLIERS ARE NOT RESPONSIBLE FOR ANY RESULTS OBTAINED FROM THE USE OF OR RELIANCE UPON THIRD PARTY DATA OR THIRD PARTY SERVICES. Custodian' s suppliers of Third Party Data and Services are intended third party beneficiaries of this Section 1(c) and Section 5 below.

(d) The Fund understands and agrees that any links in the Electronic Services to Internet sites may be to sites sponsored and maintained by third parties. Custodian make no guarantees, representations or warranties concerning the information contained in any third party site (including without limitation that such information is correct, current, complete or free of viruses or other contamination), or any products or services sold through third party sites. All such links to third party Internet sites are provided solely as a convenience to the Fund and the Fund accesses and uses such sites at its own risk. A link in the Electronic Services to a third party site does not constitute Custodian' s endorsement, authorisation or sponsorship of such site or any products and services available from such site.

2. Equipment. The Fund shall obtain and maintain at its own cost and expense all equipment and services, including but not limited to communications services, necessary for it to utilize and obtain access to the Electronic Services, and Custodian shall not be responsible for the reliability or availability of any such equipment or services. Custodian agrees to provide reasonable training, instruction manuals and access to Custodian' s "help desk" in connection with the Fund' s user support necessary to use the Software. At the Fund' s request, Custodian agrees to permit reasonable testing of the Software by the Fund.

3. Proprietary Information. The Electronic Services, and any proprietary data (including Third Party Data), processes, software, information and documentation made available to the Fund (other than which are or become part of the public domain or are legally required to be made available to the public) (collectively, the "Information"), are the exclusive and confidential property of Custodian or its suppliers. However, for the avoidance of doubt, reports generated by the Fund containing information relating to its account(s) (except for Third Party Data contained therein) are not deemed to be within the meaning of the term "Information." the Fund shall keep the Information confidential by using the same care and discretion that the Fund uses with respect to its own confidential property and trade secrets, but not less than reasonable care. Upon termination of the

Agreement or the licenses granted herein for any reason, the Fund shall return to Custodian any and all copies of the Information which are in its possession or under its control (except that the Fund may retain reports containing Third Party Data, provided that such Third Party Data remains subject to the provisions of this Appendix). The provisions of this Section 3 shall not affect the copyright status of any of the Information which may be copyrighted and shall apply to all information whether or not copyrighted.

4. Modifications. Custodian reserves the right to modify the Electronic Services from time to time. The Fund agrees not to modify or attempt to modify the Electronic Services without Custodian's prior written consent. The Fund acknowledges that any modifications to the Electronic Services, whether by the Fund or Custodian and whether with or without Custodian's consent, shall become the property of Custodian.

5. Indemnification. Custodian will indemnify and hold harmless the Fund with respect to any liability, damages, loss or claim incurred by or brought against the Fund by reason of any claim or infringement against any patent, copyright, license or other property right arising out or by reason of the Fund's use of the Electronic Services in the form provided under this Appendix. Custodian at its own expense will defend such action or claim brought against the Fund to the extent that it is based on a claim that the Electronic Services in the form provided by Custodian infringes any patents, copyrights, license or other property right, provided that Custodian is provided with reasonable notice of such claim, provided that the Fund has not settled, compromised or confessed any such claim without the Custodian's written consent, in which event Custodian shall have no liability or obligation hereunder, and provided the Fund cooperates with and assists Custodian in the defense of such claim. Custodian shall have the right to control the defense of all such claims, lawsuits and other proceedings. If, as a result of any claim of infringement against any patent, copyright, license or other property right, Custodian is enjoined from using the Electronic Services, or if Custodian believes that the System is likely to become the subject of a claim of infringement, Custodian may in its sole discretion either (a) at its expense procure the right for the Fund to continue to use the Electronic Services, or (b) replace or modify the Electronic Services so as to make it non-infringing, or (c) may discontinue the license granted herein upon written notice to the Fund.

5. NO REPRESENTATIONS OR WARRANTIES. CUSTODIAN AND ITS MANUFACTURERS AND SUPPLIERS MAKE NO WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE ELECTRONIC SERVICES OR ANY THIRD PARTY DATA OR THIRD PARTY SERVICES, EXPRESS OR IMPLIED, IN FACT OR IN LAW, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE. THE FUND ACKNOWLEDGES THAT THE ELECTRONIC SERVICES, THIRD PARTY DATA AND THIRD PARTY SERVICES ARE PROVIDED "AS IS." IN NO EVENT SHALL CUSTODIAN OR ANY

SUPPLIER BE LIABLE FOR ANY DAMAGES, WHETHER DIRECT, INDIRECT SPECIAL, OR CONSEQUENTIAL, WHICH THE FUND MAY INCUR IN CONNECTION WITH THE ELECTRONIC SERVICES, THIRD PARTY DATA OR THIRD PARTY SERVICES, EVEN IF CUSTODIAN OR SUCH SUPPLIER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL CUSTODIAN OR ANY SUPPLIER BE LIABLE FOR ACTS OF GOD, MACHINE OR COMPUTER BREAKDOWN OR MALFUNCTION, INTERRUPTION OR MALFUNCTION OF COMMUNICATION FACILITIES, LABOR DIFFICULTIES OR ANY OTHER SIMILAR OR DISSIMILAR CAUSE BEYOND THEIR REASONABLE CONTROL.

6. Security; Reliance; Unauthorized Use; Funds Transfers. Custodian will establish security procedures to be followed in connection with the use of the Electronic Services, and the Fund agrees to comply with the security procedures. The Fund understands and agrees that the security procedures are intended to determine whether instructions received by Custodian through the Electronic Services are authorized but are not (unless otherwise specified in writing) intended to detect any errors contained in such instructions. The Fund will cause all persons utilizing the Electronic Services to treat any user and authorization codes, passwords, authentication keys and other security devices with the highest degree of care and confidentiality. Upon termination of the Fund's use of the Electronic Services, the Fund shall return to Custodian any security devices (e.g., token cards) provided by Custodian. Custodian is hereby irrevocably authorized to comply with and rely upon on Written Instructions and other communications, whether or not authorized, received by it through the Electronic Services. The Fund acknowledges that it has sole responsibility for ensuring that only Authorized Persons use the Electronic Services and that to the fullest extent permitted by applicable law Custodian shall not be responsible nor liable for any unauthorized use thereof or for any losses sustained by the Fund arising from or in connection with the use of the Electronic Services or Custodian's reliance upon and compliance with Written Instructions and other communications received through the Electronic Services. With respect to instructions for a transfer of funds issued through the Electronic Services, when instructed to credit or pay a party by both name and a unique numeric or alpha-numeric identifier (e.g. ABA number or account number), the Custodian, its affiliates, and any other bank participating in the funds transfer, may rely solely on the unique identifier, even if it identifies a party different than the party named. Such reliance on a unique identifier shall apply to beneficiaries named in such instructions as well as any financial institution which is designated in such instructions to act as an intermediary in a funds transfer. It is understood and agreed that unless otherwise specifically provided herein, and to the extent permitted by applicable law, the parties hereto shall be bound by the rules of any funds transfer system utilized to effect a funds transfer hereunder.

7. Acknowledgments. Custodian shall acknowledge through the Electronic Services its receipt of each Written Instruction communicated through the Electronic

Services, and in the absence of such acknowledgment Custodian shall not be liable for any failure to act in accordance with such Written Instruction and the Fund may not claim that such Written Instruction was received by Custodian. Custodian may in its discretion decline to act upon any instructions or communications that are insufficient or incomplete or are not received by Custodian in sufficient time for Custodian to act upon, or in accordance with such instructions or communications.

8. Viruses. The Fund agrees to use reasonable efforts to prevent the transmission through the Electronic Services of any software or file which contains any viruses, worms, harmful component or corrupted data and agrees not to use any device, software, or routine to interfere or attempt to interfere with the proper working of the Electronic Services.

9. Encryption. The Fund acknowledges and agrees that encryption may not be available for every communication through the Electronic Services, or for all data. The Fund agrees that Custodian may deactivate any encryption features at any time, without notice or liability to the Fund, for the purpose of maintaining, repairing or troubleshooting its systems.

10. On-Line Inquiry and Modification of Records. In connection with the Fund' s use of the Electronic Services, Custodian may, at the Fund' s request, permit the Fund to enter data directly into a Custodian database for the purpose of modifying certain information maintained by Custodian' s systems, including, but not limited to, change of address information. To the extent that the Fund is granted such access, the Fund agrees to indemnify and hold Custodian harmless from all loss, liability, cost, damage and expense (including attorney' s fees and expenses) to which Custodian may be subjected or which may be incurred in connection with any claim which may arise out of or as a result of changes to Custodian database records initiated by the Fund.

11. Agents. the Fund may, on advance written notice to the Custodian, permit its agents and contractors (“Agents”) to access and use the Electronic Services on the Fund' s behalf, except that the Custodian reserves the right to prohibit the Fund' s use of any particular Agent for any reason. The Fund shall require its Agent(s) to agree in writing to be bound by the terms of the Agreement, and the Fund shall be liable and responsible for any act or omission of such Agent in the same manner, and to the same extent, as though such act or omission were that of the Fund. Each submission of a Written Instruction or other communication by the Agent through the Electronic Services shall constitute a representation and warranty by the Fund that the Agent continues to be duly authorized by the Fund to so act on its behalf and the Custodian may rely on the representations and warranties made herein in complying with such Written Instruction or communication. Any Written Instruction or other communication through the Electronic Services by an Agent shall be deemed that of the Fund, and the Fund shall be bound thereby whether or not authorized. The Fund may, subject to the terms of this Agreement

and upon advance written notice to the Bank, provide a copy of the Electronic Service user manuals to its Agent if the Agent requires such copies to use the Electronic Services on the Fund' s behalf. Upon cessation of any such Agent' s services, the Fund shall promptly terminate such Agent' s access to the Electronic Services, retrieve from the Agent any copies of the manuals and destroy them, and retrieve from the Agent any token cards or other security devices provided by Custodian and return them to Custodian.

FOREIGN CUSTODY MANAGER AGREEMENT

AGREEMENT made as of December 2, 2008 by and between AQR Funds, a Delaware statutory trust organized and existing under the laws of the State of Delaware having its principal office and place of business at Two Greenwich Plaza, 3rd Floor, Greenwich, CT 06830, on behalf of each of its separate Series (the "Series" of the "Fund") and The Bank of New York Mellon ("BNY").

WITNESSETH:

WHEREAS, the Fund desires to appoint BNY as a Foreign Custody Manager with respect to each Series on the terms and conditions contained herein;

WHEREAS, BNY desires to serve as a Foreign Custody Manager and perform the duties set forth herein on the terms and conditions contained herein;

WHEREAS, this Agreement is intended to operate such that (i) the liabilities and obligations of each Series shall be distinct from the liabilities and obligations of each other Series, as if each Series has a separate agreement with BNY, and (ii) each reference to a Series acting under this Agreement shall be a reference to the Fund acting on behalf of the Series;

NOW THEREFORE, in consideration of the mutual promises hereinafter contained in this Agreement, the Fund and BNY hereby agree as follows:

**ARTICLE I.
DEFINITIONS**

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

1. "**Board**" shall mean the board of trustees of the Fund.
2. "**Eligible Foreign Custodian**" shall have the meaning provided in the Rule.
3. "**Monitoring System**" shall mean a system established by BNY to fulfill the Responsibilities specified in clauses (d) and (e) of Section 1 of Article III of this Agreement.
4. "**Responsibilities**" shall mean the responsibilities delegated to BNY under the Rule as a Foreign Custody Manager with respect to each Specified Country and each Eligible Foreign Custodian selected by BNY, as such responsibilities are more fully described in Article III of this Agreement.
5. "**Rule**" shall mean Rule 17f-5 under the Investment Company Act of 1940, as amended on June 12, 2000, and as may thereafter be amended from time to time.
6. "**Specified Country**" shall mean each country listed on Schedule I attached hereto and each country, other than the United States, constituting the primary market for a security with respect to which the Fund has given settlement instructions to The Bank of New York Mellon as custodian (the "Custodian") under its Custody Agreement with the Fund.

ARTICLE II.

BNY AS A FOREIGN CUSTODY MANAGER

1. The Fund on behalf of its Board hereby delegates to BNY with respect to each Specified Country the Responsibilities.

2. BNY accepts the Board' s delegation of Responsibilities with respect to each Specified Country and agrees in performing the Responsibilities as a Foreign Custody Manager to exercise reasonable care, prudence and diligence such as a person having responsibility for the safekeeping of the Fund' s assets would exercise.

3. BNY shall provide to the Board at such times as the Board deems reasonable and appropriate based on the circumstances of the Fund' s foreign custody arrangements (and at least annually) written reports notifying the Board of the placement of assets of one or more Series with a particular Eligible Foreign Custodian within a Specified Country and of any material change in the arrangements (including the contract governing such arrangements) with respect to assets of each Series with any such Eligible Foreign Custodian.

ARTICLE III.

RESPONSIBILITIES

1. Subject to the provisions of this Agreement, BNY shall with respect to each Specified Country select an Eligible Foreign Custodian. In connection therewith, BNY shall: (a) determine that assets of each Series held by such Eligible Foreign Custodian will be subject to reasonable care, based on the standards applicable to custodians in the relevant market in which such Eligible Foreign Custodian operates, after considering all factors relevant to the safekeeping of such assets, including, without limitation, those contained in paragraph (c)(1) of the Rule; (b) determine that the each Series' foreign custody arrangements with each Eligible Foreign Custodian are governed by a written contract with the Custodian which will provide reasonable care for the Series' assets based on the standards specified in paragraph (c)(1)(i) through (iv) of the Rule; (c) determine that each contract with an Eligible Foreign Custodian shall include the provisions specified in paragraph (c)(2)(i)(A) through (F) of the Rule or, alternatively, in lieu of any or all of such (c)(2)(i)(A) through (F) provisions, such other provisions as BNY determines will provide, in their entirety, the same or a greater level of care and protection for the assets of each Series as such specified provisions; (d) monitor pursuant to the Monitoring System the appropriateness of maintaining the assets of the Series with a particular Eligible Foreign Custodian pursuant to paragraph (c)(1) of the Rule and the performance of the contract governing such arrangement as described in paragraph (c)(2) of the Rule; and (e) advise the Fund whenever BNY determines under the Monitoring System that an arrangement no longer meets the requirements of the Rule or there have been any material changes in the Fund' s foreign custody arrangements (including, any material change in the contract governing such arrangement) described in preceding clause (d).

2. For purposes of preceding Section 1 of this Article, BNY' s determination of appropriateness or of a material change in an arrangement, respectively, shall not include, nor be deemed to include, any evaluation of Country Risks associated with investment in a particular country. For purposes hereof, "Country Risks" shall mean systemic risks of holding assets in a particular country including but not limited to (a) an Eligible Foreign Custodian' s

use of any depositories that act as or operate a system or a transnational system for the central handling of securities or any equivalent book-entries; (b) such country's financial infrastructure; (c) such country's prevailing custody and settlement practices; (d) nationalization, expropriation or other governmental actions; (e) regulation of the banking or securities industry; (f) currency controls, restrictions, devaluations or fluctuations; and (g) market conditions which affect the orderly execution of securities transactions or affect the value of securities.

ARTICLE IV.
REPRESENTATIONS

1. The Fund hereby represents that: (a) this Agreement has been duly authorized, executed and delivered by the Fund, constitutes a valid and legally binding obligation of the Fund enforceable in accordance with its terms, and no statute, regulation, rule, order, judgment or contract binding on the Fund prohibits the Fund's execution or performance of this Agreement; (b) this Agreement has been approved and ratified by the Board at a meeting duly called and at which a quorum was at all times present, and (c) the Board or the Fund's investment advisor has considered the Country Risks associated with investment in each Specified Country and will have considered such risks prior to any settlement instructions being given to the Custodian with respect to any other country.

2. BNY hereby represents that: (a) BNY is duly organized and existing under the laws of the State of New York, with full power to carry on its businesses as now conducted, and to enter into this Agreement and to perform its obligations hereunder; (b) this Agreement has been duly authorized, executed and delivered by BNY, constitutes a valid and legally binding obligation of BNY enforceable in accordance with its terms, and no statute, regulation, rule, order, judgment or contract binding on BNY prohibits BNY's execution or performance of this Agreement; and (c) BNY has established the Monitoring System.

3. BNY further represents that it has implemented and shall maintain measures reasonably designed to satisfy the requirements of federal and New York law applicable to BNY with respect to the confidentiality of the portfolio holdings and transactions of each Series. Upon request, BNY shall annually make available to the Fund such summaries or audit reports, including any SAS 70 report, as BNY generally makes available to its similar customers.

ARTICLE V.
CONCERNING BNY

1. BNY shall not be liable for any costs, expenses, damages, liabilities or claims, including attorneys' and accountants' fees, sustained or incurred by, or asserted against, a Series with respect to custody of the Series' Foreign Assets (as defined in the Rule), except to the extent the same arises out of the failure of BNY to exercise the care, prudence and diligence required by Section 2 of Article II hereof. In no event shall BNY be liable to a Series, the Board, or any third party for special, indirect or consequential damages, or for lost profits or loss of business, arising in connection with this Agreement.

2. Each Series shall indemnify BNY and hold it harmless from and against any and all costs, expenses, damages, liabilities or claims, including attorneys' and accountants' fees,

sustained or incurred by, or asserted against, BNY by reason or as a result of any action or inaction, or arising out of BNY' s performance hereunder with respect to that Series, provided that the Series shall not indemnify BNY to the extent any such costs, expenses, damages, liabilities or claims arises out of BNY' s failure to exercise the reasonable care, prudence and diligence required by Section 2 of Article II hereof, and provided any such costs, expenses, damages, liabilities or claims do not constitute indirect, special, or consequential damages or lost profits.

3. For its services hereunder, each Series agrees to pay to BNY such compensation as shall be mutually agreed.

4. BNY shall have only such duties as are expressly set forth herein. In no event shall BNY be liable for any Country Risks associated with investments in a particular country.

ARTICLE VI. MISCELLANEOUS

1. This Agreement constitutes the entire agreement between the Fund and BNY as a foreign custody manager, and no provision in the Custody Agreement between the Fund and the Custodian shall affect the duties and obligations of BNY hereunder, nor shall any provision in this Agreement affect the duties or obligations of the Custodian under the Custody Agreement.

2. Any notice or other instrument in writing, authorized or required by this Agreement to be given to BNY, shall be sufficiently given if received by it at its offices at 100 Church Street, 10th Floor, New York, New York 10286, or at such other place as BNY may from time to time designate in writing.

3. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Fund shall be sufficiently given if received by it at its offices at Two Greenwich Plaza, 3rd Floor, Greenwich, CT 06830 or at such other place as the Fund may from time to time designate in writing.

4. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected thereby. This Agreement may not be amended or modified in any manner except by a written agreement executed by both parties. This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; provided however, that this Agreement shall not be assignable by either party without the written consent of the other.

5. This Agreement shall be construed in accordance with the substantive laws of the State of New York, without regard to conflicts of laws principles thereof. The Fund and BNY hereby consent to the jurisdiction of a state or federal court situated in New York City, New York in connection with any dispute arising hereunder. The Fund hereby irrevocably waives, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such proceeding brought in such a court and any claim that such proceeding brought in such a court has been brought in an inconvenient forum. The Fund and BNY each hereby irrevocably waives any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement.

6. The parties hereto agree that in performing hereunder, BNY is acting solely on behalf of the Fund and its Series and no contractual or service relationship shall be deemed to be established hereby between BNY and any other person by reason of this Agreement.

7. This Agreement is executed on behalf of the Board of Trustees of the Fund as Trustees and not individually and the obligations of this Agreement are not binding upon any of the Trustees or shareholders individually but are binding only upon the assets and property of the Fund; further, the assets of a particular Series shall under no circumstances be charged with liabilities attributable to any other Series and that all persons extending credit to, or contracting with or having any claim against a particular Series shall look only to the assets of that particular Series for payment of such credit, contract or claim.

8. The parties hereto agree that each shall treat confidentially the terms and conditions of this Agreement and all information provided by each party to the other regarding its business and operations. All confidential information provided by a party hereto shall be used by any other party hereto solely for the purpose of rendering or obtaining services pursuant to this Agreement and, except as may be required in carrying out this Agreement, shall not authorize it to be disclosed to any third party without the prior consent of such providing party. The foregoing shall not be applicable to any information that is publicly available when provided or thereafter becomes publicly available other than through a breach of this Agreement, or that is required to be disclosed by or to any regulatory authority, any external or internal accountant, auditor or counsels of the parties hereto, by judicial or administration process or otherwise by applicable law, or to any disclosure made by a party if such party's counsel has advised that such party could be liable under any applicable law or any judicial or administrative order or process for a failure to make such disclosure.

9. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

10. This Agreement shall terminate simultaneously with the termination of the Custody Agreement between the Fund and the Custodian, and may otherwise be terminated by either party giving to the other party a notice in writing specifying the date of such termination, which shall be not less than thirty (30) days after the date of such notice.

IN WITNESS WHEREOF, the Fund and BNY have caused this Agreement to be executed by their respective officers, thereunto duly authorized, as of the date first above written.

AQR FUNDS

By: /s/ Brendan Kalb

Name: Brendan Kalb

Title: Secretary

THE BANK OF NEW YORK MELLON

By: /s/ Bruce L. Baumann

Name: Bruce L. Baumann

Title: Vice President

ANNEX I

Name of Series

Tax Identification

AQR Global Equity Fund

AQR International Equity Fund

AQR International Small Cap Fund

AQR Emerging Markets Fund

AQR Large Cap Plus Fund

AQR Small Cap Core Fund

AQR Small Cap Growth Fund

AQR Diversified Arbitrage Fund

SCHEDULE I**Specified Countries****Country/Market****Subcustodian(s)**

Argentina	Citibank, N.A.
Australia	National Australia Bank Ltd
Austria	UniCredit Bank Austria AG
Bahrain	HSBC Bank Middle East
Bangladesh	Standard Chartered Bank
Belgium	ING Belgium SA/NV
Bermuda	Butterfield Trust Bermuda Limited
Botswana	Barclays Bank of Botswana Ltd
Brazil	Citibank N.A.
Bulgaria	ING Bank N.V.
Canada	CIBC Mellon Trust Co
Cayman Islands	The Bank of New York Mellon
Channel Islands	The Bank of New York Mellon
Chile	Citibank N.A.
China Shanghai	HSBC
China Shenzhen	HSBC
Colombia	Cititrust Colombia S.A.
Costa Rica	Banco BCT
Croatia	Privredna banka Zagreb d.d.
Cyprus	BNP Paribas Securities Services
Czech Republic	ING Bank N.V. Prague
Denmark	Danske Bank
Ecuador	Banco de la Produccion S.A.
Egypt	HSBC
Estonia	Hansabank Ltd
Euromarket	Clearstream Banking Luxembourg
Euromarket	Euroclear Bank
Finland	Skandinaviska Enskilda Banken
France	BNP Paribas Securities Services / CACEIS Bank
Germany	BHF-BANK AG
Ghana	Barclays Bank of Ghana Ltd

Greece	BNP Paribas Securities Services
Hong Kong	HSBC
Hungary	ING Bank (Hungary) Rt.
Iceland	New Landsbanki Islands
India	Deutsche Bank AG / HSBC
Indonesia	HSBC

Country/Market	Subcustodian(s)
Ireland	The Bank of New York Mellon
Israel	Bank Hapoalim B.M.
Italy	Intesa Sanpaolo S.p.A.
Japan	The Bank of Tokyo-Mitsubishi UFJ Ltd / Mizuho Corporate Bank, Ltd
Jordan	HSBC Bank Middle East
Kazakhstan	HSBC
Kenya	Barclays Bank of Kenya Ltd
Kuwait	HSBC Bank Middle East
Latvia	Hansabank Limited
Lebanon	HSBC Bank Middle East
Lithuania	SEB Vilniaus Bankas
Luxembourg	Banque et Caisse d' Epargne de l' Etat
Malaysia	HSBC Bank Malaysia Berhad
Malta	HSBC Bank Malta p.l.c.
Mauritius	HSBC
Mexico	Banco Nacional de Mexico
Morocco	Citibank Maghreb
Namibia	Standard Bank Namibia Ltd
Netherlands	BNY Mellon Asset Servicing B.V.
New Zealand	National Australia Bank
Nigeria	IBTC Chartered Bank Plc
Norway	DnB NOR Bank ASA
Oman	HSBC Bank Middle East
Pakistan	Deutsche Bank AG
Palestinian Autonomous Area	HSBC Bank Middle East
Panama	HSBC Bank (Panama) S.A.
Peru	Citibank del Perú
Philippines	HSBC
Poland	ING Bank Slaski
Portugal	Banco Comercial Português
Qatar	HSBC Bank Middle East
Romania	ING Bank
Russia	ING Bank (Eurasia) ZAO
Saudi Arabia	Saudi British Bank

Serbia	UniCredit Bank Austria AG
Singapore	United Overseas Bank Limited / DBS Bank Ltd
Slovak Republic	ING Bank N.V.
Slovenia	UniCredit Banka Slovenia d.d.
South Africa	Standard Bank of South Africa Limited
South Korea	HSBC
Spain	Banco Bilbao Vizcaya Argentaria S.A./ Santander Investment, S.A.
Sri Lanka	HSBC
Swaziland	Standard Bank Swaziland Limited

<u>Country/Market</u>	<u>Subcustodian(s)</u>
Sweden	Skandinaviska Enskilda Banken
Switzerland	Credit Suisse
Taiwan	HSBC
Thailand	HSBC / Bangkok Bank Public Company Limited
Trinidad & Tobago	Republic Bank Limited
Tunisia	Banque Internationale Arabe de Tunisie
Turkey	Deutsche Bank A.S. Istanbul
Ukraine	ING Bank Ukraine
United Arab Emirates	HSBC Bank Middle East
United Kingdom	The Bank of New York Mellon/ Deutsche Bank AG London (Depository and Clearing Centre)
United States	The Bank of New York Mellon
Uruguay	BankBoston Uruguay S.A.
Venezuela	Citibank, N.A.
Vietnam	HSBC
Zambia	Barclays Bank of Zambia Ltd
Zimbabwe	Barclays Bank of Zimbabwe Ltd



THE BANK OF NEW YORK MELLON

FUND ADMINISTRATION AND ACCOUNTING AGREEMENT

AGREEMENT made as of December 5, 2008, by and between AQR Funds (the “Fund”), and The Bank of New York Mellon, a New York banking organization (“BNY”).

WITNESSETH:

WHEREAS, the Fund is an investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”);

WHEREAS, the Fund desires to retain BNY to provide for the series of the Fund identified on Exhibit A hereto (each, a “Series”) the services described herein, and BNY is willing to provide such services, all as more fully set forth below; and

WHEREAS, the Fund has entered into this Agreement on behalf and for the benefit of each Series, and BNY recognizes that no rights, responsibilities or liabilities of any Series shall be attributed to any other Series.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein, the parties hereby agree as follows:

1. Appointment.

The Fund hereby appoints BNY as its agent for the term of this Agreement to perform the services described herein for each Series. BNY hereby accepts such appointment and agrees to perform the duties hereinafter set forth.

2. Representations and Warranties.

The Fund hereby represents and warrants to BNY, which representations and warranties shall be deemed to be continuing, that, to the best of its knowledge:

(a) It is duly organized and existing under the laws of the jurisdiction of its organization, with full power to carry on its business as now conducted, to enter into this Agreement and to perform its obligations hereunder;

(b) This Agreement has been duly authorized, executed and delivered by the Fund in accordance with all requisite action and constitutes a valid and legally binding obligation of the Fund, enforceable in accordance with its terms;

(c) It has established procedures reasonably designed and implemented to facilitate its conducting its business in compliance in all material respects with all applicable laws and regulations, both state and federal, and has obtained all regulatory licenses, approvals and consents necessary to carry on its business as now conducted; there is no statute, regulation, rule, order or judgment binding on it except as addressed herein and no provision of its charter or by-laws, nor of any mortgage, indenture, credit agreement or other contract binding on it or affecting its property which would prohibit its execution or performance of this Agreement; and

(d) To the extent (i) the performance of any services described in Schedule II attached hereto by BNY in accordance with the then effective Prospectus (as hereinafter defined) for the Fund would violate any applicable laws or regulations and (ii) the Fund actually knows or should reasonably know that such performance would violate any applicable laws or regulations, the Fund shall immediately so notify BNY in writing and thereafter shall either furnish BNY with the appropriate values of securities, net asset value or other computation, as the case may be, or, subject to the prior approval of BNY, which approval BNY shall not unreasonably withhold, instruct BNY in writing to value securities and/or compute net asset value or other computations in a manner the Fund specifies in writing, and either the furnishing of such values or the giving of such instructions shall constitute a representation by the Fund that the same is consistent with all applicable laws and regulations and with its Prospectus(es).

BNY hereby represents and warrants to the Fund, which representations and warranties shall be deemed to be continuing, that to the best of its knowledge:

(a) It is duly organized and existing under the laws of the jurisdiction of its organization, with full power to carry on its business as now conducted, to enter into this Agreement and to perform its obligations hereunder;

(b) This Agreement has been duly authorized, executed and delivered by BNY in accordance with all requisite action and constitutes a valid and legally binding obligation of BNY, enforceable in accordance with its terms; and

(c) It has established procedures reasonably designed and implemented to facilitate its conducting its business in compliance with all applicable laws and regulations, both state and federal, and has obtained all regulatory licenses, approvals and consents necessary to carry on its business as now conducted; there is no statute, regulation, rule, order or judgment binding on it and no provision of its charter or by-laws, nor of any mortgage, indenture, credit agreement or other contract binding on it or affecting its property which would prohibit its execution or performance of this Agreement.

3. Delivery of Documents.

(a) The Fund will promptly deliver to BNY true and correct copies of each of the following documents as currently in effect and will promptly deliver to it all future amendments and supplements thereto, if any:

(i) The Fund' s declaration of trust or other organizational document and all amendments thereto (the "Charter");

(ii) The Fund' s bylaws (the "Bylaws");

(iii) Resolutions of the Fund' s board of trustees (the "Board") authorizing the execution, delivery and performance of this Agreement by the Fund;

(iv) The Fund' s registration statement most recently filed with the Securities and Exchange Commission (the "SEC") relating to the shares of the Fund (the "Registration Statement");

(v) The Fund' s Notification of Registration under the 1940 Act on Form N-8A filed with the SEC; and

(vi) The Fund' s Prospectus(es) and Statement(s) of Additional Information (collectively, the "Prospectus").

(b) Each copy of the Charter shall be certified by the Secretary of State (or other appropriate official) of the state of organization, and if the Charter is required by law also to be filed with a county or other officer or official body, a certificate of such filing shall be filed with a certified copy submitted to BNY. Each copy of the Bylaws, Registration Statement and Prospectus, and all amendments thereto, and copies of Board resolutions, shall be certified by the Secretary or an Assistant Secretary of the Fund.

(c) It shall be the sole responsibility of the Fund to deliver to BNY the currently effective Prospectus and BNY shall not be deemed to have notice of any information contained in such Prospectus until it is actually received by BNY.

4. Duties and Obligations of BNY.

(a) Subject to the direction and control of the Fund's Board and the provisions of this Agreement, BNY shall provide daily to each Series (i) the administrative services set forth on Schedule I attached hereto and (ii) the valuation and computation and accounting services listed on Schedule II attached hereto, at such frequency as contemplated therein, and as each shall be amended from time to time. Subject to the provisions of this Agreement, BNY shall compute the net asset value per share of each class of shares ("Class") of each Series and shall value the securities held by each Series (the "Securities") at such times and dates and in the manner specified in the then currently effective Prospectus as provided to BNY. To the extent valuation of Securities or computation of a net asset value of a Series or Class, in accordance with the valuation procedures applicable to the calculation of such net asset values as approved by the Fund's Board and as specified in the Fund's then currently effective Prospectus as provided to BNY, is at any time inconsistent with any applicable laws or regulations, the Fund shall immediately so notify BNY in writing and thereafter shall either furnish BNY at all appropriate times with the values of such Securities and the net asset value of each Class of each Series, or subject to the prior approval of BNY, which BNY shall not unreasonably withhold, instruct BNY in writing to value Securities and compute the net asset value of each Class of each Series in a manner which the Fund then represents in writing to be consistent with all applicable laws and regulations. The Fund may also from time to time instruct BNY in writing to compute the value of the Securities or a Series' or Class' net asset value in a manner other than as specified in this paragraph. By giving such instruction, the Fund shall be deemed to have represented that such instruction is consistent with all applicable laws and regulations and the then currently effective Prospectuses of the Fund. The Fund shall have sole responsibility for determining the method of valuation of Securities and the method of computing each Series' and Class' net asset value.

(b) In performing hereunder, BNY shall provide, at its expense, office space, facilities, equipment and personnel.

(c) BNY shall not provide any services relating to the management, investment advisory or sub-advisory functions of any Series of the Fund, distribution of shares of any Series of the Fund, maintenance of any Series of the Fund's financial records other than as specified in this Agreement and pursuant to Schedules I and II attached hereto, or other services normally performed by the Fund's counsel or independent auditors.

(d) Upon receipt of the Fund's prior written consent (which shall not be unreasonably withheld), BNY may delegate any of its duties and obligations hereunder to any delegee or agent whenever and on such terms and conditions as it deems necessary or appropriate. Notwithstanding the foregoing, no Fund consent shall be required for any such delegation to any other subsidiary of The Bank of New York Company, Inc. and BNY shall be liable for the acts and omissions of any such subsidiary as if such acts and omissions were its own. BNY shall not be liable to the Fund for any loss or damage arising out of, or in connection with, the actions or omissions to act of any unaffiliated delegee or agent utilized hereunder so long as BNY acts in good faith and without negligence or wilful misconduct in the selection of such delegee or agent. With respect to any agent or delegee that is a subsidiary of The Bank of New York Mellon Corporation, BNY shall be deemed to have committed any act or omission of such delegee.

(e) The Fund shall cause its officers, advisors, sponsor, distributor, legal counsel, independent accountants, current administrator (if any), transfer agent, and any other service provider to cooperate with BNY and to provide BNY, upon reasonable request, with such information, documents and advice relating to the Fund as is within the possession or knowledge of such persons, and which BNY reasonably believes is necessary in order to enable it to perform its duties hereunder. BNY shall not be responsible for, under any duty to inquire into, or be deemed to make any assurances with respect to the accuracy, validity or propriety of any information, documents or advice provided to BNY by any of the aforementioned persons, provided that BNY has reasonably determined such party to have been authorized to provide such information, documents or advice provided to BNY. BNY shall not be liable for any loss, damage or expense resulting from or arising out of the failure of the Fund to cause any

information, documents or advice to be provided to BNY as provided herein and shall be held harmless by the Fund when acting in good faith reliance upon such information, documents or advice relating to such Fund, provided that (i) BNY has reasonably determined that such information was provided by an authorized person of the Fund and (ii) BNY is carrying out its duties under this Agreement in accordance with its standard of care. All fees or costs charged by such persons shall be borne by the Fund. In the event that any services performed by BNY hereunder rely, in whole or in part, upon information obtained from an unaffiliated third party service utilized or subscribed to by BNY which BNY in its reasonable judgment deems reliable, BNY shall not have any responsibility or liability for, under any duty to inquire into, or deemed to make any assurances with respect to, the accuracy or completeness of such information. For the avoidance of doubt, in the event that any services performed by BNY hereunder rely, in whole or in part upon information obtained from an affiliated service provider, BNY shall be liable for the acts and omissions of any such affiliated service provider as if such acts and omissions were its own.

(f) Nothing in this Agreement shall limit or restrict BNY, any affiliate of BNY or any officer or employee thereof from acting for or with any third parties, and providing services similar or identical to some or all of the services provided hereunder.

(g) The Fund shall furnish, and BNY shall comply with, any and all instructions, explanations, information, specifications and documentation deemed reasonably necessary by BNY in the performance of its duties hereunder, including, without limitation, the amounts or written formula for calculating the amounts and times of accrual of liabilities and expenses of a Series and BNY shall comply with any such instructions, explanations, information, specifications and documentation. Notwithstanding any other provision in this Agreement, BNY shall not act on oral instructions from Authorized Persons unless the then-current certificate of the Fund specifying authorized persons, in the form set forth in Exhibit B, authorizes Authorized Persons to give oral instructions. BNY shall not be required to include as Fund liabilities and expenses, nor as a reduction of net asset value, any accrual for any federal, state, or foreign income taxes unless the Fund shall have specified to BNY the precise amount of the same to be included in liabilities and expenses or used to reduce net asset value. The Fund shall also furnish BNY with bid, offer, or market values of Securities if BNY notifies the Fund

that same are not available to BNY from a security pricing or similar service utilized, or subscribed to, by BNY which BNY in its reasonable judgment deems reliable at the time such information is required for calculations hereunder. At any time and from time to time, the Fund also may furnish BNY with bid, offer, or market values of Securities and instruct BNY to use such information in its calculations hereunder. BNY shall at no time be required or obligated to commence or maintain any utilization of, or subscriptions to, any particular independent securities pricing or similar service, but shall be required and obligated to maintain a subscription or access to at least one independent securities pricing or similar service. In no event shall BNY be required to determine, or have any obligations with respect to, whether a market price represents any fair or true value, nor to adjust any price to reflect any events or announcements, including, without limitation, those with respect to the issuer thereof, it being agreed that all such determinations and considerations shall be solely for the Fund.

(h) BNY may apply to an officer or duly authorized agent of the Fund provided authority to give written instructions in the then-current certificate in the form set forth in Exhibit B hereto for written instructions with respect to any matter arising in connection with BNY's performance hereunder for any Series of the Fund, and BNY shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with such instructions, in the absence of manifest error in the instructions. Such application for instructions shall set forth in writing any action proposed to be taken or omitted to be taken by BNY, in good faith, with respect to its duties or obligations under this Agreement and the date on and/or after which such action shall be taken, and BNY shall not be liable for any action taken or omitted to be taken in good faith in accordance with a proposal included in any such application on or after the date specified therein, in the absence of manifest error in the application, provided that (i) BNY has received written instructions from such officer or authorized person authorizing the proposed action or omission or (ii) BNY has given the Fund or the officer or authorized person a commercially reasonable amount of time to respond to the request for instructions and the Fund, officer or authorized person has failed to direct BNY during such time.

(i) BNY may consult with counsel to the Fund or its own counsel, , and shall be fully protected with respect to anything done or omitted by it in good faith and without willful misconduct in accordance with the advice or opinion of such counsel, so long as BNY provides

written notification to the Fund reasonably in advance of acting on the advice or opinion of counsel when such advice or opinion is inconsistent with the terms of this Agreement or other instructions or procedures provided by the Fund. Each Series of the Fund shall be liable for the fees and expenses of its counsel. It is expressly understood and acknowledged that counsel to the Fund shall be under no obligation to provide advice or an opinion to BNY with respect to any matter. BNY may, at its own cost and expense, consult with its own counsel in connection with the services to be performed under this Agreement.

(j) While BNY will perform certain tax services as explicitly contemplated in Schedules I or II attached hereto, BNY shall have no duty or obligation to determine, or advise or notify the Fund of: (i) the taxable nature of any distribution or amount received or deemed received by, or payable to, a Series of the Fund, (ii) the taxable nature or effect on a Series of the Fund or its shareholders of any corporate actions, class actions, tax reclaims (provided that, certain services relating to tax reclaims may be provided by BNY subject to the terms and conditions of a custodial services agreement), tax refunds or similar events, (iii) the taxable nature or taxable amount of any distribution or dividend paid, payable or deemed paid, by a Series of the Fund to its shareholders; or (iv) the effect under any federal, state, or foreign income tax laws of a Series of the Fund making or not making any distribution or dividend payment, or any election with respect thereto.

(k) BNY shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement and Schedules I and II attached hereto, and no covenant or obligation shall be implied against BNY in connection with this Agreement.

(l) BNY, in performing the services required of it under the terms of this Agreement, shall be entitled to rely fully on the accuracy and validity of any and all instructions, explanations, information, specifications and documentation furnished to it on behalf of a Fund reasonably believed by BNY to be accurate and valid, and shall have no duty or obligation to review the accuracy, validity or propriety of such instructions, explanations, information, specifications or documentation, including the amounts or formula for calculating the amounts and times of accrual liabilities and expenses, and the amounts receivable and the amounts payable on the sale or purchase of securities.

(m) BNY, in performing the services required of it under the terms of this Agreement, shall not be responsible for determining whether any interest accruable to a Series is or will be actually paid, but will accrue such interest until otherwise instructed by the Series.

(n) BNY shall continuously maintain such back-up systems and disaster recovery plans as are required by all applicable laws and regulations. Provided BNY maintains such required back-up systems and disaster recovery plans, BNY shall not be responsible for delays or errors which occur by reason of circumstances beyond its control in the performance of its duties under this Agreement, including, without limitation, mechanical breakdowns, flood or catastrophe, acts of God, failures of transportation, interruptions, loss, or malfunctions of utilities, communications or computer (hardware or software) services (but not including labor stoppages at BNY or any of its affiliates). Nor shall BNY be responsible for delays or failures to supply the information or services specified in this Agreement where such delays or failures are caused by the failure of any person(s) other than BNY or, subject to Section 4(d) herein, a designee or agent that is a subsidiary of The Bank of New York Mellon Corporation to supply any instructions, explanations, information, specifications or documentation deemed necessary by BNY in the performance of its duties under this Agreement.

(o) Pursuant to its obligations hereunder, BNY shall maintain and keep current the books, records, accounts and other documents listed on Schedule II and preserve any such books, records, accounts and other documents in accordance with the Fund's directions and the applicable provisions of Rules 31a-1 and 31a-2 of the General Rules and Regulations of the Investment Company Act of 1940, as such Rules may be amended. Such books, records, accounts and other documents shall be made available to the Fund, its officers and employees, and the Fund's auditors during BNY's normal business hours.

(p) All books, records, accounts and other documents preserved by BNY in accordance with Section 4(o) of this Agreement shall be and shall remain the property of the Fund and shall be surrendered to the Fund or its regulator(s) promptly upon the Fund's request in the form such books, records, or accounts have been maintained and preserved.

(q) BNY shall treat as confidential and hold in the strictest confidence all

books, records, accounts and other documents belonging to the Fund or pertaining to the business of the Fund, and shall not disclose such books, records, accounts and other documents except as specifically authorized by the Fund or as may be required by law. BNY hereby specifically agrees that it will provide any sub-certifications reasonably requested by the Fund in connection with any certification required by the Sarbanes-Oxley Act of 2002 or any rules or regulations promulgated thereunder by the SEC, provided that the same do not change BNY' s standard of care.

5. Allocation of Expenses.

Except as otherwise provided herein, all costs and expenses arising or incurred in connection with the performance of this Agreement shall be paid by the appropriate Series, including but not limited to, organizational costs and costs of maintaining corporate existence, taxes, interest, brokerage fees and commissions, insurance premiums, compensation and expenses of the Fund' s trustees, officers or employees, legal, accounting and audit expenses, management, advisory, sub-advisory, administration and shareholder servicing fees, charges of custodians, transfer and dividend disbursing agents, expenses (including clerical expenses) incident to the issuance, redemption or repurchase of Fund shares, fees and expenses incident to the registration or qualification under federal or state securities laws of the Fund or its shares, costs (including printing and mailing costs) of preparing and distributing the Prospectus, reports, notices and proxy material to the Fund' s shareholders, all expenses incidental to holding meetings of the Fund' s trustees and shareholders, and extraordinary expenses as may arise, including litigation affecting the Fund and legal obligations relating thereto for which the Fund may have to indemnify its trustees and officers. Except as otherwise provided herein, BNY shall pay all costs and expenses arising or incurred in connection with its performance under this Agreement.

6. Compliance Services.

(a) If Schedule I contains a requirement for BNY to provide the Fund with compliance services, such services shall be provided pursuant to the terms of this Section 6 (the "Compliance Services"). The precise compliance review and testing services to be provided shall be as mutually agreed between BNY and the Fund, and the results of BNY' s Compliance

Services shall be detailed in a compliance summary report (the “Compliance Summary Report”) prepared on a periodic basis as mutually agreed. Each Compliance Summary Report shall be subject to review and approval by the Fund. BNY shall have no responsibility or obligation to provide Compliance Services other than those services specifically listed in Schedule I.

(b) The Fund will examine each Compliance Summary Report delivered to it by BNY and notify BNY of any error, omission or discrepancy within ten (10) days of its receipt. For purposes of this paragraph, “business day” shall mean any day on which the Fund is open for business as set forth in its Prospectus. The Fund agrees to notify BNY promptly if it fails to receive any such Compliance Summary Report. The Fund further acknowledges that unless it notifies BNY of any error, omission or discrepancy within 10 business days, such Compliance Summary Report shall be deemed to be correct and conclusive in all respects. In addition, if the Fund learns of any out-of-compliance condition before receiving a Compliance Summary Report reflecting such condition, the Fund will notify BNY of such condition as soon as practicable under the circumstances after discovery thereof.

(c) While BNY will endeavor to identify out-of-compliance conditions, BNY does not and could not for the fees charged, make any guarantees, representations or warranties with respect to its ability to identify all such conditions. Provided BNY acted in good faith and without willful misconduct, in the event of any errors or omissions in the performance of Compliance Services, the Fund’s sole and exclusive remedy and BNY’s sole liability shall be limited to re-performance by BNY of the Compliance Services affected and in connection therewith the correction of any error or omission, if practicable and the preparation of a corrected report, at no cost to the Fund.

7. Privacy

BNY agrees and acknowledges that: (i) certain customer (including current customers and past customers) and potential customer nonpublic personal information (“Customer Information”) is subject to the Fund’s Privacy Policy as it may be amended from time to time; (ii) with respect to Customer Information, BNY and the Fund are subject to the Gramm-Leach-Bliley Act of 1999 (Public Law 106-102, 113 Stat. 1138) (“GLB Act”) and its implementing regulations (e.g.,

Securities and Exchange Commission Regulation S-P and Federal Reserve Board Regulation P) as they may be amended from time to time (collectively, the “GLB Law”); and (iii) with respect to Customer Information, BNY and the Fund may also be subject to other federal and state privacy, confidentiality, consumer protection, advertising, electronic mail and data security laws and regulations, whether in effect now or in the future (“Other Privacy Laws”). Without limiting any other obligation of BNY or the Fund under this Agreement and thereafter in perpetuity, BNY will not gather, store or use any Customer Information of the Fund or of the Fund’s affiliates in any manner, and will not disclose, distribute, sell, share, rent or otherwise transfer Customer Information of the Fund or the Fund’s affiliates to any third party except as necessary to carry out its obligations under this Agreement, as expressly provided in this Agreement, or as the Fund may expressly authorize in advance in writing. BNY represents, covenants and warrants that it will use, handle, collect, maintain, and safeguard Customer Information of the Fund and the Fund’s affiliates only in compliance with (A) the Fund’s Privacy Policy; (B) the GLB Law; and (C) Other Privacy Laws. “Customer Information” shall mean all intentionally or unintentionally disclosed information however collected, including, without limitation, through non-electronic means pertaining to or identifiable to clients or prospective clients, including, without limitation: (i) name, address, email address, data about securities transactions; or any other identification data; and (ii) any information that reflects use of or interactions with the Fund. This Agreement shall not be construed as granting any ownership rights in BNY to Customer Information.

8. Standard of Care; Indemnification.

(a) Except as otherwise provided herein, BNY shall not be liable for any costs, expenses, damages, liabilities or claims (including attorneys’ and accountants’ fees) incurred by a Series, except those costs, expenses, damages, liabilities or claims arising out of BNY’s or BNY’s delegate or agent that is a subsidiary of The Bank of New York Mellon Corporation’s own negligence or willful misconduct or BNY’s failure to act in good faith. In no event shall BNY be liable to any Series or any third party for special, indirect or consequential damages, or lost profits or loss of business, arising under or in connection with this Agreement, even if previously informed of the possibility of such damages and regardless of the form of action. BNY shall not be liable for any loss, damage or expense, including reasonable counsel

fees and other costs and expenses of a defense against any claim or liability, resulting from, arising out of, or in connection with its performance hereunder, including its actions or omissions, the incompleteness or inaccuracy of any specifications or other information furnished by the Fund, or for delays caused by circumstances beyond BNY's control, unless such loss, damage or expense arises out of the negligence or willful misconduct of BNY, or BNY's failure to act in good faith. For purposes of this provision, if as a result of the negligence or willful misconduct of BNY or that of its directors, officers or employees, agents or delegates, there is a material error in the net asset value per share of a Series, the material losses of a Series on the sale and issuance, or the redemption, of its shares attributable to such material error shall be direct money damages.

(b) The Fund shall indemnify and hold harmless BNY on behalf of a Series from and against any and all costs, expenses, damages, liabilities and claims (including claims asserted by the Fund on behalf of the Series), and reasonable attorneys' and accountants' fees relating thereto, which are sustained or incurred by or which may be asserted against BNY, by reason of or as a result of any action taken or omitted to be taken by BNY (i) in good faith hereunder on behalf of the Series; (ii) in reasonable reliance as the same is contemplated under this Agreement upon any law, act, regulation or interpretation of the same; or (iii) in good faith reliance as the same is contemplated under this Agreement and in the absence of manifest error, upon the Fund's Registration Statement or Prospectus, any instructions of an officer of the Fund, or any opinion of legal counsel for the Fund or BNY pursuant to Section 4(i) of this Agreement, or arising out of transactions or other activities of the Series which occurred prior to the commencement of this Agreement; provided, that the Fund shall not indemnify BNY on behalf of the Series for costs, expenses, damages, liabilities, claims or reasonable attorney's fees relating thereto, which constitute indirect, special or consequential damages or lost profits, or for which BNY is or may be liable under preceding 6(a), and further provided that legal counsel for the Fund shall be under no obligation to provide legal advice to BNY concerning any matter. This indemnity shall be a continuing obligation of the Fund, its successors and assigns on behalf of the Series, notwithstanding the termination of this Agreement. In the event a claim is asserted against the Series arising out of or in connection with any action or inaction by BNY in performing its duties in accordance with the standard of care set forth hereunder (a "Claim"), and

to the extent the Fund asserts and is successful in a related claim against BNY on behalf of the Series in which it is determined by a court or arbiter of competent jurisdiction that BNY failed to discharge its duties in accordance with the standard of care as set forth hereunder, then BNY shall indemnify the Fund for any and all costs, expenses, direct damages, liabilities or claims (including attorneys' and accountants' fees) sustained or incurred as a result of such Claim. Without limiting the generality of the foregoing, the Fund shall indemnify BNY on behalf of a Series against and save BNY harmless from any loss, damage or expense, including reasonable counsel fees and other costs and expenses of a defense against any claim or liability, arising from any one or more of the following with respect to the Series:

(i) Errors in records or instructions, explanations, information, specifications or documentation of any kind, as the case may be, supplied to BNY by any third party described above on by or on behalf of the Fund or its designees;

(ii) Action or inaction taken or omitted to be taken by BNY pursuant to written or (if authorized by the Fund) oral instructions of the Fund or otherwise without negligence or willful misconduct;

(iii) Any action taken or omitted to be taken by BNY in good faith in accordance with the advice or opinion of counsel for the Fund or its own counsel pursuant to Section 4(i) of this Agreement ;

(iv) Any improper use by the Fund or its agents, distributor or investment advisor of any valuations or computations supplied by BNY pursuant to this Agreement;

(v) The method of valuation of the securities and the method of computing the Series' net asset value as set forth in the Registration Statement in effect at the time of such calculation and as provided to BNY, or as directed by the Series , consistent with paragraph 4(a); or

(vi) Any valuations of securities or net asset value provided by the Fund.

(c) Actions taken or omitted in reliance on written or (if authorized by the

Fund) oral instructions, or upon any information, order, indenture, stock certificate, power of attorney, assignment, affidavit or other instrument believed by BNY to be genuine or bearing the signature of a person or persons reasonably believed to be authorized to sign, countersign or execute the same, or upon the opinion of legal counsel for the Fund or its own counsel, shall be conclusively presumed to have been taken or omitted in good faith

9. Compensation.

For the services provided hereunder, the Fund agrees to pay BNY such compensation as is mutually agreed from time to time and set forth in Exhibit C hereto and such actual and disclosed out-of-pocket expenses (e.g., telecommunication charges, postage and delivery charges, previously approved record retention costs, reproduction charges and the transportation and lodging costs of BNY personnel who are Fund officers) as are reasonably incurred by BNY in performing its duties hereunder. Except as hereinafter set forth, compensation shall be calculated and accrued daily and paid monthly. BNY shall deliver to the Fund invoices for services rendered each month, along with an itemized statement of all out-of-pocket expenses incurred on behalf of BNY, which will be paid by the Fund within thirty (30) days of receipt. Failing such payment and in the absence of the Fund notifying BNY of a reasonable dispute about such payment due, the Fund hereby authorizes BNY to debit a Series' custody account for such past due amounts applicable to the Series. Upon termination of this Agreement before the end of any month, the compensation for such part of a month shall be prorated according to the proportion which such period bears to the full monthly period and shall be payable upon the effective date of termination of this Agreement. For the purpose of determining compensation payable to BNY, each Class' and Series' net asset value shall be computed at the times and in the manner specified in the Fund' s Prospectus.

10. Term of Agreement.

(a) This Agreement shall continue until terminated by either BNY giving to the Fund, or the Fund giving to BNY, a notice in writing specifying the date of such termination, which date shall be not less than (i) 60 days after the date of the giving of such notice in the case of the Fund, provided that the Fund shall have the option in its sole discretion to extend such notice period for up to an additional 30 days and (ii) 90 days after the date of giving such notice

in the case of BNY. Upon termination hereof, the Fund, on behalf of the affected Series, shall pay to BNY such compensation as may be due as of the date of such termination, and shall reimburse BNY for any disbursements and expenses made or incurred by BNY and payable or reimbursable hereunder. After payment of such amounts, BNY shall deliver to the Fund all records then property of the Fund.

(b) Notwithstanding the foregoing, BNY may terminate this Agreement upon 30 days prior written notice to the Fund if the Fund shall terminate its custody agreement with The Bank of New York Mellon, effective on the termination date of that agreement, and either party may terminate this Agreement upon 30 days' prior notice if the other party fails to perform its obligations hereunder in a material respect.

(c) If this Agreement is terminated by either the Fund or BNY, BNY agrees to provide reasonable cooperation to the Fund in connection with the transition to a successor to provide the services described herein.

11. Authorized Persons.

Attached hereto as Exhibit B is a list of persons duly authorized by the board of the Fund to execute this Agreement and give any written or (if authorized by the Fund) oral instructions, or written or (if authorized by the Fund) oral specifications, by or on behalf of the Fund. From time to time the Fund may deliver a new Exhibit B to add or delete any person and BNY shall be entitled to rely on the last Exhibit B actually received by BNY. For purposes of this Agreement, written instructions may include instructions delivered by facsimile or email, and may include standing instructions.

12. Amendment.

This Agreement may not be amended or modified in any manner except by a written agreement executed by BNY and the Fund to be bound thereby, and authorized or approved by the Fund' s Board.

13. Assignment.

This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by the Fund without the written consent of BNY, or by BNY without the written consent of the Fund accompanied by the authorization or approval of the Fund' s Board.

14. Governing Law; Consent to Jurisdiction.

This Agreement shall be construed in accordance with the laws of the State of New York, without regard to conflict of laws principles thereof. The Fund hereby consents to the jurisdiction of a state or federal court situated in New York City, New York in connection with any dispute arising hereunder, and waives to the fullest extent permitted by law its right to a trial by jury. To the extent that in any jurisdiction BNY or the Fund may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, BNY and the Fund irrevocably agree not to claim, and hereby waive, such immunity.

15. Severability.

In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations shall not in any way be affected or impaired thereby, and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.

16. No Waiver.

Each and every right granted to BNY hereunder or under any other document delivered hereunder or in connection herewith, or allowed it by law or equity, shall be cumulative and may be exercised from time to time. No failure on the part of BNY to exercise, and no delay in exercising, any right will operate as a waiver thereof, nor will any single or partial exercise by BNY of any right preclude any other or future exercise thereof or the exercise of any other right.

17. Notices.

All notices, requests, consents and other communications pursuant to this Agreement in writing shall be sent as follows:

if to the Fund, at

Two Greenwich Plaza, 3rd Floor,
Greenwich, CT 06830
Attention: Brendan Kalb
Title: Secretary

if to BNY, at

The Bank of New York Mellon
One Wall Street - Mail Drop 102-2500
New York, New York 10286
Attention: Timothy E. Driscoll
Title: Vice President

or at such other place as may from time to time be designated in writing. Notices hereunder shall be effective upon receipt.

18. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original; but such counterparts together shall constitute only one instrument.

19. Limitation of Liability.

It is expressly acknowledged and agreed that the obligations of the Fund hereunder shall not be binding upon any of the shareholders, trustees, officers, employees or agents of the Fund, personally, but shall bind only the property of the Fund as provided in its organizational documents. The execution and delivery of this Agreement have been authorized by the trustees of the Fund and signed by an officer of the Fund, acting as such, and neither such authorization by such trustees nor such execution and delivery by such officer shall be deemed to have been made by any of them individually or to impose any liability on any of them personally, but shall bind only the property of the Fund as provided in their organizational documents.

20. Liability of Series.

The property of any one Series is the property of only that Series, and in no event shall any Series be liable for the obligations of any other Series.

21. Several Obligations.

The parties acknowledge that the obligations of the Fund hereunder on behalf of the Series are several and not joint, that no Series shall be liable for any amount owing by another Series and that the Fund has executed one instrument on behalf of the Series for convenience only.

22. Disaster Recovery.

BNY warrants and represents that it has disaster recovery plans reasonably designed to meet current regulatory requirements and upon request of the Fund, BNY shall provide evidence of its disaster recovery plan.

IN WITNESS WHEREOF, the parties hereto have caused the foregoing instrument to be executed by their duly authorized officers and their seals to be hereunto affixed, all as of the day and year first above written.

AQR FUNDS

By: /s/ Brendan Kalb

Name: Brendan Kalb

Title: Secretary

THE BANK OF NEW YORK MELLON

By: /s/ Bruce L. Baumann

Name: Bruce L. Baumann

Title: Vice President

EXHIBIT A

Names of Series (Each a Series of AQR Funds)

AQR Diversified Arbitrage Fund

AQR Emerging Markets Fund

AQR Global Equity Fund

AQR International Equity Fund

AQR International Small Cap Fund

AQR Equity Plus Fund

AQR Small Cap Core Fund

AQR Small Cap Growth Fund

EXHIBIT B

I, _____, of the AQR Funds, a Delaware Statutory Trust (the "Fund"), do hereby certify that:

The following individuals serve in the following positions with the Fund, and each has been duly elected or appointed by the Board of Trustees of the Fund to each such position and qualified therefor in conformity with the Fund's Declaration of Trust and By-Laws, and the signatures set forth opposite their respective names are their true and correct signatures. Each such person is authorized to give written instructions or written specifications by or on behalf of the Fund to the Bank.

Name	Position	Signature
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EXHIBIT C

Global Fund Services Fee Schedule

Fund Accounting and Fund Administration

Prepared for AQR Funds

November 2008

November 24, 2008



BNY Mellon Asset Servicing

Business Assumptions:

Eight (8) '40 Act Open-end Funds

5 US equity-based

3 International equity-based

I. Fund Accounting

2.0 basis points annually on the first \$1 billion in total gross adjusted assets

1.25 basis points annually on next \$2 billion in total gross adjusted assets

1.0 basis points annually on assets on excess of \$3 billion in total gross adjusted assets

Basis point fees are charged at the fund complex level

Fee includes 3 share classes. Additional share classes will be charged at \$7,200 per fund per annum

II. Fund Administration

Corporate Governance:

\$15,000 per fund per year

Prepare regular Board of Director meeting packages

Attend shareholder and Board meetings

Maintain regulatory calendar

Maintain minute books and general corporate records

Financial Reporting, Tax Services, Performance, Compliance, and other Administration Services

2.0 basis points annually on the first \$1 billion in total gross adjusted assets

1.25 basis points annually on next \$2 billion in total gross adjusted assets

1.0 basis points annually on assets on excess of \$3 billion in total gross adjusted assets

Basis point fees are charged at the fund complex level

Financial Reporting

Prepare semi-annual and annual reports to shareholders

Prepare quarterly portfolios

Prepare Form N-SAR

Assist in the preparation and filing of other periodic reports to the SEC including Forms N-CSR and N-Q

November 24, 2008



BNY Mellon Asset Servicing

Tax Services

Prepare federal, state, and local income tax returns in coordination with independent accountants

Calculate required IRC Subchapter M and excise tax distributions

Prepare work papers documenting book-to-tax differences, including:

Wash sale deferrals, reversals and reclasses

Post-October analysis for capital gain/loss and currency gain/loss

IRC Section 1256 adjustments

Analysis for investments in client identified PFICs

Prepare and file tax extensions

Prepare year-end shareholder tax information

Prepare and file 1099-MISC forms for Director compensation

Performance Calculation and Reporting

Calculate and maintain standard total return information

Portfolio Compliance

Test compliance by the Fund with its policies and restrictions as delineated in its Prospectus and the Investment Company Act of 1940

Test compliance with IRC quarterly and annual tests, including distributions, qualified income and diversification

Additional Administration Services

Assist in obtaining Fidelity Bond and E&O/D&O insurance coverage

Assist in the preparation and filing of other periodic reports to the SEC including Form N-PX

Respond to inquiries from the SEC and other regulatory authorities

Establish expense accruals, maintain expense files and coordinate payment of invoices

Prepare statistical reports for information services

III. Minimum Fund Accounting and Administration Fees

Minimum Fund Accounting and Administration Fee* (excluding Corporate Governance)

There is a minimum monthly Fund Accounting and Fund Administration fee of \$5,800 per fund

Minimum Fees to Support Incubation Period

In order to support the incubation of the funds, BNY Mellon will support a minimum monthly Fund Accounting and Administration of \$3,625 per fund per month for the first 6 months from inception of the relationship

* Total Minimum Fund Accounting and Administration Fees are to be calculated based on the number of funds and applied at the relationship level

November 24, 2008



\$5,000 per fund per year

IV. Fair Valuation Pricing Service

Threshold Monitoring - daily monitoring of fair value triggers as indicated by AQR

Daily file exchanges - daily preparation/interaction with pricing vendors performed in anticipation of fair value pricing

Application of prices - the application to the funds' books and records, within the fund accounting systems, of fair value prices, as provided by the fair value pricing vendor, if threshold is surpassed, or, if otherwise instructed; the minimum confidence interval shall be 90%, unless otherwise indicated by AQR

Next-day back-testing - the application of opening prices to portfolios, off-line

Next-day reporting - the preparation of related summary and detailed reporting the day following the fair value event, including:

NAV's using original, fair value and opening prices.

Security level detail for all three prices, with differences from original.

Out-of-Pocket Expenses

Out-of-Pocket Charges for Fund Accounting and Fund Administration include, but are not limited to:

Securities Pricing and broker Quotes

Legal, audit and other professional fees

Consultative services or other functions including fund reorganizations and special projects not listed in the above list of anticipated administrative services will be charged at a pre-negotiated rate.

November 24, 2008

BNY Mellon Asset Servicing

Billing Cycle

All fees will be billed on a monthly basis.

As agreed by:

AQR Funds

/s/ Brendan Kalb

Authorized Signature

Brendan Kalb, Secretary

Name

12/05/2008

Date

November 24, 2008

BNY Mellon

/s/ Bruce L. Baumann

Authorized Signature

Bruce L. Baumann, Vice President

Name

12/08/2008

Date

SCHEDULE I

ADMINISTRATIVE SERVICES

1. Prepare minutes of Board of Director meetings and assist the Secretary of the Fund in preparation for quarterly Board meetings. Such minutes, meeting agendas and other material prepared in preparation for each Board meeting are subject to the review and approval of Fund counsel.
2. Attend meetings of the Fund' s Valuation Committee that BNY is requested to attend and provide all relevant information from independent securities pricing agent(s) during such meetings as is available and necessary to assist the Valuation Committee in valuing securities for which a market price is not readily available in accordance with the Fund' s Fair Value Pricing Procedures.
3. Perform for the Fund, the compliance tests as mutually agreed and which shall be specific to each Series, including testing with respect to the Series' compliance with the Internal Revenue Code' s mandatory qualification requirements, certain requirements of the Investment Company Act and certain limitations for each Series contained in the Registration Statement for the Fund, as coordinated between BNY and the Fund. The Compliance Summary Reports listing the results of such tests are subject to review and approval by the Fund.
4. Participate in the periodic updating of the Fund' s Registration Statement and Prospectus and, subject to approval by the Fund' s Treasurer and legal counsel, coordinate the preparation, filing, printing and dissemination of periodic reports and other information to the SEC and the Fund' s shareholders, including annual and semi-annual reports to shareholders, Form N-SAR, Form N-CSR, Form N-Q and notices pursuant to Rule 24f-2.
5. Prepare workpapers supporting the preparation of federal, state and local income tax returns for the Fund for review and approval by the Fund' s independent auditors; perform ongoing wash sales review (i.e., purchases and sales of Fund investments within 30 days of each other); and prepare Form 1099s with respect to the Fund' s trustees and file such forms upon the approval of the Fund' s Treasurer.
6. Prepare and, subject to approval of the Fund' s Treasurer, disseminate to the Fund' s Board quarterly unaudited financial statements and schedules of the Series' investments and make presentations to the Board, as appropriate.
7. Subject to approval of the Fund' s Board, assist the Fund in filing fidelity bond insurance coverage with the SEC.
8. Prepare statistical reports for outside information services (e.g., IBC/Donoghue, ICI, Lipper Analytical and Morningstar).

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9. Attend shareholder and Board meetings as requested from time to time.
 10. Subject to review and approval by the Fund Treasurer, establish appropriate expense accruals, maintain expense files and coordinate the payment of invoices for the Fund.
 11. Prepare and furnish total return performance information for each Series, including such information on an after-tax basis, calculated in accordance with all applicable securities laws and regulations, as may be reasonably requested by the Fund.
 12. Coordinate payments associated with the filing of Rule 24f-2 notices.
 13. Consult with the Fund' s officers, independent accountants, legal counsel, custodian, fund accountant, distributor, and transfer agent in establishing the accounting policies of the Fund.
 14. Make appropriate persons available for meetings relating to the Fund and its Series held by the Board and/or the Fund' s officers.

SCHEDULE II

VALUATION AND COMPUTATION SERVICES

I. BNY shall maintain the following records on a daily basis for each Fund and Class thereof.

1. Report of priced portfolio securities
2. Statement of net asset value per share

II. BNY shall maintain the following records on a monthly basis for each Fund:

1. General Ledger
2. General Journal
3. Cash Receipts Journal
4. Cash Disbursements Journal
5. Subscriptions Journal
6. Redemptions Journal
7. Accounts Receivable Reports
8. Accounts Payable Reports
9. Open Subscriptions/Redemption Reports
10. Transaction (Securities) Journal
11. Broker Net Trades Reports

III. BNY shall prepare a Holdings Ledger on a quarterly basis, and a Buy-Sell Ledger (Broker' s Ledger) on a semiannual basis for each Fund. Schedule D shall be produced on an annual basis for each Fund.

The above reports may be printed according to any other required frequency to meet the requirements of the Internal Revenue Service, the Securities and Exchange Commission and the Fund' s Auditors.

IV. For internal control purposes, BNY uses the Account Journals produced by The Bank of New York Mellon Custody System to record daily settlements of the following for each Fund:

1. Securities bought
2. Securities sold
3. Interest received
4. Dividends received
5. Capital stock sold
6. Capital stock redeemed
7. Other income and expenses

All portfolio purchases for the Series are recorded to reflect expected maturity value and total cost including any prepaid interest.

TRANSFER AGENCY AND SERVICE AGREEMENT

Transfer Agency and Services Agreement (“Agreement”) made this 8th day of December, 2008, between AQR Funds, a Delaware statutory trust established under the laws of the State of Delaware, having its principal place of business at Two Greenwich Plaza, 3rd Floor, Greenwich, Connecticut 06830 (“Trust”) and ALPS Fund Services, Inc., a Colorado corporation having its principal office at 1290 Broadway, Suite 1100, Denver, Colorado 80203 (“Transfer Agent”).

WHEREAS, the Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended (“1940 Act”), presently consisting of eight (8) series each having multiple classes of shares, listed in Schedule A attached hereto; each of such series and any additional series that may be established by the Trust is referred to herein individually as a “Fund” and collectively as the “Funds”; and

WHEREAS, the Transfer Agent provides certain transfer agency services to investment companies; and

WHEREAS, the Trust desires to appoint the Transfer Agent as its transfer agent, dividend disbursing agent, and agent in connection with certain other activities, and the Transfer Agent desires to accept such appointment.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. Terms of Appointment and Duties

1.1 *Transfer Agency Services*. Subject to the terms and conditions set forth in this Agreement, the Trust, on behalf of the Funds, hereby employs and appoints the Transfer Agent to act as, and the Transfer Agent agrees to act as, its transfer agent for the Trust’s authorized and issued shares of beneficial interest for each of the Funds (“Shares”), dividend disbursing agent, and agent in connection with any accumulation, open-account or similar plan provided to the shareholders of each of the respective Funds of the Trust (“Shareholders”) and as set out in the currently effective prospectus(es) and statement(s) of additional information (“Prospectus”) of the Trust on behalf of each applicable Fund, including without limitation any periodic investment plan or periodic withdrawal program. In accordance with procedures established from time to time by agreement between the Trust, on behalf of each of the Funds, and the Transfer Agent, and/or with such written instructions as authorized persons may deliver from time to time as set forth in Section 9.5 hereof, the Transfer Agent agrees that it will perform the following services:

(a) Subject to the right of the Trust to reject any or all orders to purchase shares of the Funds by written instruction, and such procedures as the Trust may specify relative to prior approval by written instruction of such purchase orders, receive for acceptance, orders for the purchase of Shares, and promptly deliver payment and appropriate documentation thereof to the Custodian of the Trust authorized by the Trust (“Custodian”);

- (b) Pursuant to valid purchase orders, issue the appropriate number of Shares and hold such Shares in the appropriate Shareholder account;
- (c) Receive for acceptance redemption requests and redemption directions and deliver the appropriate documentation thereof to the Custodian;
- (d) With respect to the transactions enumerated in 1.1 (a), (b) and (c) above, the Transfer Agent shall execute transactions directly with the principal underwriter for the Trust (“Distributor”), broker-dealers that are members of the Distributor’s selling group for the Trust and other financial institutions authorized by the Trust, deemed to be acting as a limited agent of the Trust (“Designated Agents”). The Transfer Agent will execute transactions only from Designated Agents that have adopted and implemented internal controls reasonably designed to ensure that: (i) order or redemption requests for a Fund received by the Designated Agent, or a limited agent of such Designated Agent in an arrangement permitted by the Trust (“Sub-Agent”), in proper form and by the time specified in the Prospectus with respect to the Trust (currently, the close of regular trading on the New York Stock Exchange with respect to each Fund) (“Closing Time”) on a Business Day (as specified in the Prospectus for each Fund) will be processed as of that Business Day and (ii) order or redemption requests received by the Designated Agent or its Sub-Agent in proper form after the Closing Time for the Fund on a Business Day will be processed on the next Business Day;
- (e) At the appropriate time as and when it receives monies paid to it by the Custodian with respect to any redemption, pay over or cause to be paid over in the appropriate manner such monies as instructed by the redeeming Shareholders;
- (f) Effect transfers of Shares by the registered owners thereof upon receipt of appropriate instructions;
- (g) Prepare and transmit payments for dividends and distributions declared by the Trust on behalf of the applicable Fund;
- (h) Maintain records of account for and advise the Trust and its Shareholders as to the foregoing;
- (i) Record the issuance of Shares of the Trust and maintain pursuant to SEC Rule 17Ad-10(e) under the Securities Exchange Act of 1934, as amended (“1934 Act”) a record of the total number of Shares of the Trust that are authorized, based upon data provided to it by the Trust, and issued and outstanding. The Transfer Agent shall also provide the Trust on a regular basis with the total number of Shares that are authorized and issued and outstanding and shall have no obligation, when recording

the issuance of Shares, to monitor the issuance of such Shares or to take cognizance of any laws relating to the issue or sale of such Shares, which functions shall be the sole responsibility of the Trust;

(j) Subject to such additional policies and procedures the Trust may establish, the Transfer Agent shall process orders or redemption requests received in proper form by the Transfer Agent or a Designated Agent or Sub-Agent (i) by Closing Time on a Business Day, as of that Business Day, and (ii) after the Closing Time on a Business Day, as of the next Business Day, provided in each case that the Designated Agent forwards any such orders or requests received by the Designated Agent or its Sub-Agent to the Transfer Agent by the cut-off time the Trust sets for receipt of such forwarded orders and requests;

(k) Provide escheatment services as necessary;

(l) Submit through the Office of Foreign Assets Control (“OFAC”) database and such other lists or databases of restricted individuals or entities as may be required from time to time by applicable regulatory authorities: (i) all new account and registration maintenance transactions; (ii) the names of payees of redemption funds where the payee is not the shareholder of record; and (iii) periodically, as the Trust and the Transfer Agent may reasonably agree, the names of all record shareholders;

(m) Process “as of” transactions in accordance with applicable policies and procedures of the Trust, at such times as Trust has written “as of” policies and procedures and has provided a copy of such to the Transfer Agent; and

(n) Impose and collect any subscription or redemption fees imposed by any of the Funds in accordance with the terms set forth in the Prospectus.

1.2 *Additional Services.* In addition to, and neither in lieu nor in contravention of, the services set forth in the above paragraph, the Transfer Agent shall perform the following services:

(a) *Other Customary Services.* Perform the customary services of a transfer agent, dividend disbursing agent and, as relevant, agent in connection with accumulation, open-account or similar plan (including without limitation any periodic investment plan or periodic withdrawal program), including but not limited to: maintaining all Shareholder accounts, preparing Shareholder meeting lists, withholding taxes on U.S. resident and non-resident alien accounts and maintaining records with respect to such withholding, preparing and filing U.S. Treasury Department Forms 1099 and other appropriate forms required with respect to dividends and distributions by federal authorities for all Shareholders, preparing and mailing confirmation forms and statements of account to Shareholders for all purchases and redemptions of Shares and other confirmable transactions in Shareholder accounts, preparing and mailing activity statements for Shareholders, and providing Shareholder account information;

(b) *Control Book*. Maintain a daily record and produce a daily report for the Trust of all transactions and receipts and disbursements of money and securities and deliver a copy of such report for the Trust for each Business Day to the Trust no later than 9:00 AM Eastern Time, or such earlier time as the Trust may reasonably require, on the next business day;

(c) *“Blue Sky” Reporting*. The Trust shall (i) identify to the Transfer Agent in writing those transactions and assets to be treated as exempt from blue sky reporting for each State and (ii) verify the establishment of transactions for each State on the system prior to activation and thereafter monitor the daily activity for each State. The responsibility of the Transfer Agent for the Trust’s blue sky State registration status is solely limited to the initial establishment of transactions subject to blue sky compliance by the Trust, providing a system that will enable the Trust to monitor the total number of Shares sold in each State, providing any other information reasonably requested by the Trust to fulfill the Trust’s obligation to monitor blue sky compliance, and operating its blue sky reporting services in compliance with Transfer Agent’s Blue Sky Administration policy, as attached hereto as Schedule B in its form as of the date of this Agreement. Transfer Agent agrees to provide the Trust advance written notification in the event that Transfer Agent materially amends its Blue Sky Administration policy;

(d) *National Securities Clearing Corporation (“NSCC”)*. (i) Accept and effectuate the registration and maintenance of accounts through Networking and the purchase, redemption, transfer and exchange of shares in such accounts through Fund/SERV (Networking and Fund/SERV being programs operated by the NSCC on behalf of NSCC’s participants, including the Trust), in accordance with, instructions transmitted to and received by the Transfer Agent by transmission from the NSCC on behalf of broker-dealers and banks that have been established by, or in accordance with the instructions of authorized persons, as hereinafter defined on the dealer file maintained by the Transfer Agent; (ii) issue instructions to Trust’s designated NSCC participant banks for the settlement of transactions between the Trust and NSCC (acting on behalf of its broker-dealer and bank participants); (iii) provide account and transaction information from the affected Trust’s records on the Transfer Agent’s computer system (“System”) in accordance with NSCC’s Networking and Fund/SERV rules for those broker-dealers; and (iv) maintain Shareholder accounts on the System through Networking;

(e) *Anti-Money Laundering Procedures*. The Transfer Agent shall (i) adopt and maintain an anti-money laundering compliance program (“AML Program”) that satisfies the requirements of all applicable laws and regulations; (ii) carry out its AML Program to the best of its ability; (iii) promptly notify the Trust of an inspection by the appropriate regulatory authorities of its AML Program if such inspection identifies any material deficiency in its AML Program; and (iv) promptly remedies any material deficiency of which it has notice;

(f) *Rule 38a-1*. In performing the foregoing services, the Transfer Agent shall reasonably cooperate with the Chief Compliance Officer of the Trust with respect to requests for information and other assistance regarding the obligations of the Trust and the Funds regarding compliance with Rule 38a-1 under the 1940 Act, including providing the Trust with necessary information as to the compliance policies and procedures of the Transfer Agent; and

(g) *New Procedures*. New procedures as to who shall provide certain of these services in Section 1 may be established in writing from time to time by agreement between the Trust and the Transfer Agent. Pursuant to such agreement the Transfer Agent may at times perform only a portion of these services and the Trust or its agent may perform these services on the Trust's behalf.

2. Fees and Expenses

2.1 *Fee Schedule*. For the performance by the Transfer Agent pursuant to this Agreement, the Trust agrees to pay the Transfer Agent fees as set forth in the attached fee schedule ("Schedule C"). Such fees and out-of-pocket expenses and advances of the Transfer Agent identified in Section 2.2 below may be changed, from time to time, subject to mutual written agreement between the Trust and the Transfer Agent. Notwithstanding anything to the contrary in this Agreement, fees billed for the services to be performed by the Transfer Agent under this Agreement are based on information provided by the Trust and such fees may be subject to good faith renegotiation between the parties to the extent such information is determined to be materially changed from the assumptions originally provided by the Trust to the Transfer Agent.

2.2 *Out-of-Pocket Expenses*. In addition to the fee paid to the Transfer Agent under Section 2.1 above, the Trust agrees to reimburse the Transfer Agent for reasonable and adequately documented out-of-pocket expenses (which includes an itemized statement) incurred in connection with the performance of its duties and obligations under the terms of this Agreement as set forth in the attached Schedule C. In addition, any other expenses incurred by the Transfer Agent at the request or with the consent of the Trust, will be reimbursed by the Trust, provided that adequate documentation of such expense is provided to the Trust.

2.3 *Postage*. Postage for mailing of dividends, Trust reports and other mailings to all shareholder accounts shall be advanced to the Transfer Agent by the Trust at least seven (7) days prior to the mailing date of such materials.

2.4 *Invoices*. The Trust agrees to pay all fees and reimbursable expenses within thirty (30) days following the receipt of the respective billing notice, except for any fees or expenses that are subject to good faith dispute. In the event of such a dispute, the Trust may only withhold that portion of the fee or expense subject to the good faith

dispute. The Trust shall notify the Transfer Agent in writing within thirty (30) calendar days following the receipt of each billing notice if the Trust is disputing any amounts in good faith. If the Trust does not provide such notice of dispute within the required time, the billing notice will be deemed accepted by the Trust, provided that should the Trust in good faith discover any disputed amount after payment has been made, Transfer Agent shall agree to engage in a good faith negotiation with the Trust to settle any such dispute and provide reimbursement if it is determined and agreed by the parties that reimbursement is required. The Trust shall settle such disputed amounts within ten (10) business days from the day on which the parties agree on the amount to be paid, or at such later date as may be agreed upon by the Transfer Agent and the Trust, by payment of the agreed amount. If no agreement is reached, then such disputed amounts shall be settled as may be required by law or legal process.

- 2.5 *Cost of Living Adjustment.* Following each Term, unless the parties shall otherwise agree and provided that the service mix and volumes remain consistent as previously provided in the previous Term, the total fee for all services shall equal the fee that would be charged for the same services based on a fee rate (as reflected in a fee rate schedule) increased by the percentage increase for the twelve-month period of such previous calendar year of the Consumer Price Index for Urban Wage Earners and Clerical Workers, for the Denver-Boulder-Greeley area, as published bimonthly by the United States Department of Labor, Bureau of Labor Statistics, or, in the event that publication of such Index is terminated, any successor or substitute index, appropriately adjusted, applicable to both parties.
- 2.6 *Late Payments.* Unless the parties otherwise agree, if any undisputed amount in an invoice of the Transfer Agent (for fees or reimbursable expenses) is not paid when due, the Fund shall pay the Transfer Agent interest thereon (from the due date to the date of payment) at a per annum rate equal to one percent (1.0%) plus the Prime Rate (that is, the base rate on corporate loans posted by large domestic banks) published by *The Wall Street Journal* (or, in the event such rate is not so published, a reasonably equivalent published rate selected by the Fund) on the first day of publication during the month when such amount was due. The Transfer Agent hereby agrees that it will act reasonably in assessing whether interest shall be charged in accordance with this Section 2.6 and will notify the Fund prior to charging any such interest. Notwithstanding any other provision hereof, such interest rate shall be no greater than permitted under applicable provisions of Colorado law.
3. Representations and Warranties of the Transfer Agent
The Transfer Agent represents and warrants to the Trust that:
- 3.1 It is a Colorado corporation duly organized and existing and in good standing under the laws of the State of Colorado.
- 3.2 It is duly qualified to carry on its business in the State of Colorado.

- 3.3 It is empowered under applicable laws and by its Articles of Incorporation and By-Laws to enter into and perform this Agreement.
- 3.4 All requisite corporate proceedings have been taken to authorize it to enter into and perform this Agreement.
- 3.5 It has and will continue to have access to the necessary facilities, equipment and personnel to perform its duties and obligations under this Agreement.
- 3.6 It is, and will continue to be, registered as a transfer agent under the 1934 Act.
- 3.7 It has adopted and implemented written policies and procedures reasonably designed to prevent violations of the “Federal Securities Laws” (as defined in Rule 38a-1 under 1940 Act) related to the services provided by the Transfer Agent to the Trust. It will review, no less frequently than annually, the adequacy of the policies and procedures and the effectiveness of their implementation and will report to the Trust any material changes made to the policies and procedures since the date of the last report, and any material changes made to the policies and procedures recommended as a result of the annual review. It will provide the Trust with an annual report of each “Material Compliance Matter” (as defined in Rule 38a-1 under the 1940 Act) that occurred since the date of the last report.
- 3.8 It will impose and collect any redemption fees imposed by any of the Funds of the Trust in accordance with the terms set forth in the Prospectus.

4. Representations and Warranties of the Trust

The Trust represents and warrants to the Transfer Agent that:

- 4.1 It is a statutory trust duly organized and existing and in good standing under the laws of the State of Delaware.
- 4.2 It is empowered under applicable laws and by its Declaration of Trust and Bylaws to enter into and perform this Agreement.
- 4.3 All trust proceedings required by said Declaration of Trust and Bylaws have been taken to authorize it to enter into and perform this Agreement.
- 4.4 It is an open-end management investment company registered under the 1940 Act.
- 4.5 A registration statement under the Securities Act of 1933, as amended (“1933 Act”) is currently, or will be upon commencement of operations, effective and will remain effective, and appropriate state securities law filings have been made and will continue to be made, with respect to all Shares of the Trust being offered for sale.

5. Wire Transfer Operating Guidelines/Articles 4A of the Uniform Commercial Code

- 5.1 *Obligation of Sender.* The Transfer Agent is authorized to promptly debit the appropriate Trust account(s) upon the receipt of a payment order in compliance with the selected security procedure (“Security Procedure”) chosen by the Trust for fund transfer and in the amount of money that the Transfer Agent has been duly instructed to transfer. The Transfer Agent shall execute payment orders in compliance with the Security Procedure and with the Trust written instructions on the execution date provided that such payment order is received by the customary deadline for processing such a request, unless the payment order specifies a later time. All payment orders and communications received after the customary deadline will be deemed to have been received the next Business Day.
- 5.2 *Security Procedure.* The Trust acknowledges that the Security Procedure it has designated on the Fund Selection Form, attached hereto as Schedule D, was selected by the Trust. The Trust must notify the Transfer Agent immediately of any change in the Trust’s authorized personnel by means of certified resolutions as provided in Section 9.5 hereof or, in the case of the removal of an authorized person from the current list of authorized persons, a written instruction from another authorized person. The Transfer Agent shall verify the authenticity of all Trust instructions in accordance with the certified resolutions as set forth in Section 9.5 hereof. The Transfer Agent is authorized to make exceptions to the Security Procedure if instructed by the Trust by written instructions from an authorized person.
- 5.3 *Account Numbers.* The Transfer Agent shall process all payment orders on the basis of the account number contained in the payment order. In the event of a discrepancy between any name indicated on the payment order and the account number, the account number shall take precedence and govern.
- 5.4 *Rejection.* The Transfer Agent reserves the right to decline to process or delay the processing of a payment order which (a) is in excess of the collected balance in the account to be charged at the time of the Transfer Agent’s receipt of such payment order; (b) if initiating such payment order would cause the Transfer Agent, in the Transfer Agent’s sole judgment, to exceed any volume, aggregate dollar, network, time, credit or similar limits which are applicable to the Transfer Agent; or (c) if the Transfer Agent, in good faith, is unable to satisfy itself that the transaction has been properly authorized.
- 5.5 *Cancellation Amendment.* The Transfer Agent shall use reasonable best efforts to act on all authorized requests to cancel or amend payment orders received in compliance with the Security Procedure provided that such requests are received in a timely manner affording the Transfer Agent reasonable opportunity to act. However, in absence of negligence, bad faith or willful misconduct by the Transfer Agent, the Transfer Agent assumes no liability if the request for amendment or cancellation cannot be satisfied.

- 5.6 *Errors.* The Transfer Agent shall assume no responsibility for failure to detect any erroneous payment order provided that the Transfer Agent complies with the payment order instructions as received and the Transfer Agent complies with the Security Procedure and acts without negligence, bad faith or willful misconduct. The Security Procedure is established for the purpose of authenticating payment orders only and not for the detection of errors in payment orders.
- 5.7 *Interest.* Absent negligence, bad faith or willful misconduct, the Transfer Agent shall assume no responsibility for lost interest with respect to the refundable amount of any unauthorized payment order, provided such payment order was made in compliance with the terms of this Section 5, unless the Transfer Agent is notified of the unauthorized payment order within thirty (30) days of notification by the Transfer Agent of the acceptance of such payment order.
- 5.8 *ACH Credit Entries/Provisional Payments.* When the Trust initiates or receives Automated Clearing House credit and debit entries pursuant to these guidelines and the rules of the National Automated Clearing House Association and the New England Clearing House Association, the Transfer Agent will act as an Originating Depository Financial Institution and/or Receiving Depository Financial Institution, as the case may be, with respect to such entries. Credits given by the Transfer Agent with respect to an ACH credit entry are provisional until the Transfer Agent receives final settlement for such entry from the Federal Reserve Bank. If the Transfer Agent does not receive such final settlement, the Trust agrees that the Transfer Agent shall receive a refund of the amount credited to the Trust in connection with such entry, and the party making payment to the Trust via such entry shall not be deemed to have paid the amount of the entry.
- 5.9 *Bank Interfaces.* The Transfer Agent hereby acknowledges that in the ordinary course of business in accordance with its duties and obligations under the terms of this Agreement it shall be required to interact (personally or via electronic interfaces) with third parties on behalf of the Trust or any Fund, including, but not limited to, the Trust's custodian and administrator. The Transfer Agent further acknowledges that it maintains internal policies and procedures relating to the secure interaction between Transfer Agent authorized personnel and such third parties (the "Policy"). In accordance with the foregoing, the Transfer Agent agrees (i) to comply with the Policy at all times in connection with performing its duties and obligations under this Agreement; (ii) to promptly provide a copy of the Policy to the Trust, a copy of which the Trust acknowledges it received prior to the date hereof, and to notify the Trust, as soon as reasonably practicable, of any changes to such Policy; and (iii) to promptly notify the Trust of the names of those officers, employees or agents of the Transfer Agent authorized to interact with third parties on behalf of the Trust in accordance with the Policy and of any changes to such list of authorized personnel.

Notwithstanding the foregoing, with respect to this Section 5.9, the Transfer Agent will not be liable to the Trust or any Fund (as applicable) for actions or inactions by the Transfer Agent with third parties on behalf of the Trust or the Fund, including, but not limited to the Trust's custodian and administrator, taken or not taken (as applicable) at the due request or approval of an authorized person of the Trust or any Fund (as applicable).

5.10 *Confirmation.* Confirmation of Transfer Agent's execution of payment orders shall ordinarily be provided within twenty four (24) hours notice of which may be delivered through the Transfer Agent's information systems, or by facsimile or call-back. The Trust must report any objections to the execution of an order within thirty (30) days.

6. Indemnification

- 6.1 The Transfer Agent shall not be responsible for, and the Trust shall indemnify and hold the Transfer Agent harmless from and against, any and all losses, damages, costs, charges, counsel fees, payments, expenses and liability arising out of or attributable to:
- (a) All actions of the Transfer Agent (or its agents or subcontractors that have been appointed in compliance with Section 12.1 herein) required to be taken pursuant to this Agreement (including the defense of any law suit in which the Transfer Agent or affiliate is a named party), provided that such actions are taken in material compliance with this Agreement, in good faith and without negligence or willful misconduct;
 - (b) The Trust's lack of good faith, negligence or willful misconduct in connection with this Agreement;
 - (c) The reliance upon, and any subsequent use of or action taken or omitted, by the Transfer Agent, or its agents or subcontractors on:
 - (i) any information, records, documents, data, or services, which are received by the Transfer Agent or its agents or subcontractors by machine readable input, facsimile, CRT data entry, electronic instructions or other similar means authorized by the Trust in writing, and which have been prepared, maintained or performed by the Trust or any other person or firm on behalf of the Trust including but not limited to any broker-dealer, TPA or previous transfer agent; (ii) any instructions or requests of the Trust or any of its officers reasonably believed by the Transfer Agent to be authorized by the Trust's Board of Trustees; (iii) any instructions or opinions of legal counsel with respect to any matter arising in connection with the services to be performed by the Transfer Agent under this Agreement which are provided to the Transfer Agent after consultation with such legal counsel; or (iv) any paper or document, reasonably believed to be genuine, authentic, and signed by the proper person or persons;
 - (d) The offer or sale of Shares in violation of federal or state securities laws or regulations requiring that such Shares be registered or in violation of any stop order or

other determination or ruling by any federal or any state agency with respect to the offer or sale of such Shares, provided the Transfer Agent had no actual knowledge of any such violation of law, regulation or order;

(e) The negotiation and processing of any checks including without limitation for deposit into the Trust' s demand deposit account maintained by the Transfer Agent, excluding checks not made payable to the order of the Trust, the Trust' s management company, custodian, transfer agent or distributor or the retirement account custodian or trustee for a plan account investing in Shares (such checks are commonly known as "third party checks") which checks are tendered to a bank for the purchase of Shares; or

(f) Upon the Trust' s written request entering into any agreements required by the NSCC for the transmission of Trust or Shareholder data through the NSCC clearing systems.

6.2 Notwithstanding any other provision of this Agreement, the Transfer Agent shall indemnify and hold harmless the Trust from and against any and all losses, damages, costs, charges, counsel fees, payments, expenses and liability arising out of (i) any error or delay on the part of the Transfer Agent in processing any order or redemption request for Shares of any Fund requiring the Transfer Agent to engage in "as of" processing of such orders and/or requests to address the error or delay under applicable policies and procedures agreed upon by the Trust and the Transfer Agent; (ii) any breach by the Transfer Agent of the terms and conditions included in Section 5.9 of this Agreement, except as otherwise provided in Section 5.9 of this Agreement. Notwithstanding the foregoing, the Transfer Agent shall not be held liable for any error or delay on the part of the Transfer Agent caused by processing "as of" transactions in accordance with the applicable policies and procedures or at the direction of the Trust.

6.3 In order that the indemnification provisions contained in this Section 6 shall apply, upon the assertion of a claim for which the Trust may be required to indemnify the Transfer Agent, the Transfer Agent shall have acted without negligence, bad faith or willful misconduct and shall promptly notify the Trust of such assertion, and shall keep the Trust advised with respect to all developments concerning such claim. The Trust shall have the option to participate with the Transfer Agent in the defense of such claim or to defend against said claim in its own name or in the name of the Transfer Agent. The Transfer Agent shall in no case confess any claim or make any compromise in any case in which the Trust may be required to indemnify the Transfer Agent except with the Trust' s prior written consent.

7. Standard of Care

The Transfer Agent shall at all times act in good faith and agrees to use its best efforts within reasonable limits to ensure the accuracy of all services performed under this

Agreement, but assumes no responsibility and shall not be liable for loss or damage due to errors, including encoding and payment processing errors, unless said errors are caused by its material breach of this Agreement, negligence, bad faith or willful misconduct or that of its employees, agents or subcontractors. According to mutually agreed upon procedures, the Transfer Agent agrees to use reasonable efforts with regard to the processing of investments checks. The parties agree that any encoding or payment processing errors shall be governed by this standard of care and Section 4-209 of the Uniform Commercial Code is superseded by Section 7 of this Agreement. The Transfer Agent agrees to perform its obligations under this Agreement in conformity with the service levels/ performance standards specified in Schedule E.

8. Confidentiality

8.1 The Transfer Agent and the Trust agree that they will not, at any time during the Term of this Agreement or after its termination, reveal, divulge, or make known to any person, firm, corporation or other business organization, any Shareholders' or customers' lists, trade secrets, cost figures and projections, profit figures and projections, or any personal information of the Trust's Shareholders or other secret or confidential information whatsoever, whether of the Transfer Agent or of the Trust or the Trust's investment adviser, used or gained by the Transfer Agent or the Trust during performance under this Agreement. For purposes of this Agreement, Confidential Information shall also include:

(a) Any data or information that is competitively sensitive material, and not known to the public, including but not limited to, information about product plans, marketing strategies, finance, operations, customer relationship, customer profiles, Shareholder personal information, sales estimates, business plans and internal performance results relating to the past, present or future business activities of the Trust or the Transfer Agent, their respective affiliates and customers, shareholders, clients and suppliers of any of them;

(b) Any scientific or technical information, design, process, procedure, formula, or improvement that is commercially valuable and secret in the sense that its confidentiality affords the Trust or the Transfer Agent a competitive advantage over its competitors;

(c) All confidential or proprietary concepts, documentation, reports, data specifications, computer software, source code, object code, flow charts, databases, inventions, know-how and trade secrets, whether or not patentable or copyrightable; and

(d) Information that the Trust is required to keep confidential pursuant to agreements with third party service providers.

Confidential information shall not include all or any portion of any of the foregoing items that: (i) are or become publicly available without breach of this Agreement; (ii) are released with the written permission of the other party for general disclosure by a written release by the Transfer Agent or the Trust, as the case may be; (iii) are already in the possession of the receiving party at the time of receipt without obligation of confidentiality or breach of this Agreement; (iv) are subsequently disclosed to a party hereto on a non-confidential basis by a third party that is not bound by an agreement of non disclosure or confidentiality with another party hereto or its affiliates, which rightfully acquired such information; or (v) are independently developed by a party hereto.

The Trust and the Transfer Agent further covenant and agree to retain all such knowledge and information acquired during and after the term of this Agreement respecting such lists, trade secrets, or any secret or confidential information whatsoever in trust for the sole benefit of the Transfer Agent or the Trust and their successors and assigns. The above prohibition of disclosure shall not apply to the extent that the Transfer Agent must disclose such data to its sub-contractor or Trust agent for purposes of providing services under this Agreement, provided such parties are bound by the same obligations to maintain confidentiality as set forth above.

- 8.2 In the event that any requests or demands are made for the inspection of the Shareholder records of the Trust, other than request for records of Shareholders pursuant to standard subpoenas from state or federal government authorities (i.e., divorce and criminal actions), the Transfer Agent will use reasonable efforts to notify the Trust to the extent legally permitted and to secure instructions from an authorized officer of the Trust as to such inspection. The Transfer Agent expressly reserves the right, however, to exhibit the Shareholder records to any person whenever it is advised by counsel that it may be held liable for the failure to exhibit the Shareholder records to such person or if required by law or court order.
- 8.3 The Trust and the Transfer Agent shall each comply with all applicable laws, rules and regulations relating to privacy, confidentiality, data security and the handling of personal financial information applicable to it that may be established from time to time, including but not limited to the Gramm-Leach-Bliley Act and Securities and Exchange Commission Regulation S-P (17 CFR Part 248) promulgated thereunder.

9. Covenants of the Trust and the Transfer Agent

- 9.1 The Trust shall promptly furnish to the Transfer Agent the following:
- (a) A certified copy of the resolution of the Board of Trustees of the Trust authorizing the appointment of the Transfer Agent and the execution and delivery of this Agreement; and
 - (b) A copy of the Declaration of Trust and By-Laws of the Trust and all amendments thereto.

- 9.2 The Transfer Agent hereby agrees to establish and maintain facilities and procedures reasonably acceptable to the Trust for safekeeping of check forms and facsimile signature imprinting devices, if any; and for the preparation or use, and for keeping account of, such certificates, forms and devices.
- 9.3 The Transfer Agent shall keep records relating to the services to be performed hereunder, in the form and manner as it may deem advisable as required by applicable laws, rules and regulations. To the extent required by Section 31 of 1940 Act and the rules thereunder, the Transfer Agent agrees that all such records prepared or maintained by the Transfer Agent relating to the services to be performed by the Transfer Agent hereunder are the property of the Trust and will be preserved, maintained and made available in accordance with such Section and Rules, and will be surrendered promptly to the Trust on and in accordance with its request.
- 9.4 The Transfer Agent shall provide assistance to and cooperate with the Trust' s internal or external auditors in connection with any Trust-directed audits. The Transfer Agent shall provide such assistance in accordance with reasonable procedures and at reasonable frequencies, and, to the extent practicable, the Trust shall provide reasonable advance notice to the Transfer Agent of such audits. For purposes of such audits, at the request of the Trust, the Transfer Agent will use reasonable efforts to make available, during normal business hours, all required records, data and operating processes for review by such auditors. On an annual basis, the Transfer Agent will provide the Trust with copies of its SAS 70 report. The Trust understands and agrees that its auditors will be required by the Transfer Agent to execute a confidentiality agreement having objectively reasonable terms prior to being given access to such records, data and operating processes.
- 9.5 The Transfer Agent shall comply with all written instructions duly delivered by an authorized person of the Trust with authority to provide the type of instructions provided, as set forth in written resolutions of the Board of Trustees of the Trust duly certified by the Secretary of the Trust and delivered to the Transfer Agent. Such written instructions may be delivered by email or facsimile and received in good order by the Transfer Agent, and may be standing instructions.

10. Termination of Agreement

10.1

Term. The term of this Agreement shall be two years (“Initial Term”) from the date first stated above unless terminated pursuant to the provisions of this Section 10. After the Initial Term, this Agreement will renew automatically from year to year (each such renewal year and the Initial Term, each a “Term”). After the initial term, this Agreement may be terminated by either party upon at least sixty (60) days’ written notice to the other party. The Trust may terminate this Agreement upon at least sixty (60) days’ prior written notice to the Transfer Agent with respect to any

Fund that will cease investment operations. No later than ninety (90) days before the expiration of each Term the parties to this Agreement will agree upon a Fee Schedule for the upcoming Term. Otherwise the fees shall be increased pursuant to Section 2.5 of this Agreement. In the event of the termination of this Agreement, the terms of this Agreement shall continue in effect until the date that the Deconversion (defined below) of the Trust is completed.

- 10.2 *Termination; Deconversion.* In the event that this Agreement is terminated, the Transfer Agent agrees that, in order to provide for uninterrupted service to the Trust, the Transfer Agent, at the Trust' s request, shall offer reasonable assistance to the Trust in converting the records of the Trust from the Transfer Agent' s systems to whatever services or systems are selected by the Trust (the "Deconversion"). As used herein "reasonable assistance" and "transitional assistance" shall not include requiring the Transfer Agent (i) to assist any new service or system provider (the "new agent") to modify, to alter, to enhance, or to improve the new agent' s system, or to provide any new functionality to the new agent' s system, (ii) to disclose any Proprietary Information of the Transfer Agent, or (iii) to develop Deconversion software, to modify any Transfer Agent software, or to otherwise alter the format of the data as maintained on any Transfer Agent' s systems. Notwithstanding anything contained in this Agreement to the contrary, should the Trust desire to carry out such Deconversion, the Transfer Agent shall use its best efforts to facilitate the conversion on such date; however, there can be no guarantee or assurance that the Transfer Agent will be able to complete a Deconversion by such requested date.
- 10.3 *Fees and Expenses upon Termination.* Should either party exercise its right to terminate, all reasonable out-of-pocket expenses or costs associated with the movement of records and material will be borne by the Trust, except to the extent the termination of this Agreement is the result of a material breach of this Agreement by the Transfer Agent, in which case the Transfer Agent will bear those costs. Additionally, the Transfer Agent reserves the right to charge a reasonable fee for its deconversion services, except to the extent the termination of this Agreement is the result of a material breach of this Agreement by the Transfer Agent, in which case the Transfer Agent will not charge a fee. In the event of termination of this Agreement, the Trust agrees to pay the Transfer Agent promptly all amounts due the Transfer Agent hereunder for services performed and reasonable out-of-pocket expenditures incurred prior to such termination.
- 10.4 *Confidential Information.* Upon termination of this Agreement, each party shall return to the other party all copies of confidential or proprietary materials or information received from such other party hereunder, other than materials or information required to be retained by such party under applicable laws or regulations.
- 10.5 *Termination by the Trust.* The Trust, in addition to any other rights and remedies, shall have the right to terminate this Agreement upon the occurrence of (i) the bankruptcy of the Transfer Agent or the appointment of a receiver therefore if such

proceedings are not dismissed within 21 days of being brought or (ii) the material failure by the Transfer Agent to perform its duties and obligations under this Agreement or a material breach of this Agreement by the Transfer Agent. With respect to (i), the termination shall be effective at any time specified in a written notice from the Trust to the Transfer Agent. With respect to (ii), the Trust shall provide the Transfer Agent with written notice identifying such failure or breach and stating its intention to terminate the Agreement in sixty (60) days from the date of such notice if such failure or breach has not been cured by the Transfer Agent within thirty (30) days after receipt of such written notice from the Trust, except that any failure by the Transfer Agent to maintain its registration as a transfer agent must be cured immediately.

- 10.6 *Termination by the Transfer Agent.* The Transfer Agent, in addition to any other rights and remedies, shall have the right to terminate this Agreement upon the occurrence at any time of (i) the bankruptcy of the Trust or the appointment of a receiver therefore if such proceedings are not dismissed within 21 days of being brought, or (ii) the material failure by the Trust to perform its duties and obligations under this Agreement or a material breach of this Agreement by the Trust. With respect to (i), the termination shall be effective at any time specified in a written notice from the Transfer Agent to the Trust. With respect to (ii), the Transfer Agent shall provide the Trust with written notice identifying such failure or breach and stating its intention to terminate the Agreement in sixty (60) days from the date of such notice if such failure or breach has not been cured by the Trust within thirty (30) days after receipt of such written notice from the Transfer Agent.
11. Assignment and Third-Party Beneficiaries
- 11.1 Neither this Agreement nor any rights or obligations hereunder may be assigned by either party without the written consent of the other party. Any attempt to do so in violation of this Section shall be void. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.
- 11.2 Except as explicitly stated elsewhere in this Agreement, nothing under this Agreement shall be construed to give any rights or benefits in this Agreement to anyone other than the Transfer Agent and the Trust, and the duties and responsibilities undertaken pursuant to this Agreement shall be for the sole and exclusive benefit of the Transfer Agent and the Trust. This Agreement shall inure to the benefit of and be binding upon the parties and their respective permitted successors and assigns.
- 11.3 This Agreement does not constitute an agreement for a partnership or joint venture between the Transfer Agent and the Trust. Other than as provided in Section 12.1 and Section 1.1, neither party shall make any commitments with third parties that are binding on the other party without the other party's prior written consent.

12. Subcontractors

- 12.1 Except as otherwise provided, nothing herein shall impose any duty upon the Transfer Agent in connection with or make the Transfer Agent liable for the actions or omissions to act of unaffiliated third parties such as by way of example and not limitation, Airborne Services, Federal Express, United Parcel Service, the U.S. Mails, the NSCC and telecommunication companies, provided, if the Transfer Agent selected such company, the Transfer Agent shall have exercised due care and conducted reasonable due diligence in selecting the same, and shall have acted without negligence, bad faith or willful misconduct. The Transfer Agent shall retain agents or subcontractors to provide transfer agency functions and activities incidental thereto to the Funds only upon the written approval of the Trust, and subject to such additional or differing terms as the Transfer Agent and the Trust may agree.

13. Miscellaneous

- 13.1 *Amendment.* This Agreement may be amended or modified by a written agreement executed by both parties and, if material, authorized or approved by a resolution of the Board of Trustees of the Trust.
- 13.2 *Colorado Law to Apply.* This Agreement shall be construed and the provisions thereof interpreted under and in accordance with the laws of the state of Colorado.
- 13.3 *Force Majeure.* In the event either party is unable to perform its obligations under the terms of this Agreement because of acts of God, strikes, equipment or transmission failure or damage reasonably beyond its control, or other causes reasonably beyond its control, and such party has acted without negligence, bad faith or willful misconduct, such party shall not be liable for damages to the other for any damages resulting from such failure to perform or otherwise from such causes. In the event of a disaster rendering the Transfer Agent's systems or facilities inoperable, the Transfer Agent will use all reasonable efforts to continue to provide services to the Trust in accordance with the Transfer Agent's then current Business Contingency plan, which includes such general back-up facilities as the Transfer Agent reasonably determines to be appropriate. The Trust acknowledges that it received a copy of the Transfer Agent's Business Contingency plan prior to execution of this Agreement.
- 13.4 *Notice.* A copy of the Certificate of Trust is on file with the Secretary of the State of Delaware, and notice is hereby given that this instrument is executed on behalf of the Board of Trustees of the Trust as Trustees and not individually and that the obligations of this instrument are not binding upon any of the Trustees or shareholders individually but are binding only upon the assets and property of the Trust.
- 13.5 *Survival.* All provisions regarding indemnification, warranty, liability, and limits thereon, and confidentiality and/or protections of proprietary rights and trade secrets shall survive the termination of this Agreement.

- 13.6 *Severability.* If any provision or provisions of this Agreement shall be held invalid, unlawful, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.
- 13.7 *Priorities Clause.* In the event of any conflict, discrepancy or ambiguity between the terms and conditions contained in this Agreement and any Schedules or attachments hereto, the terms and conditions contained in this Agreement shall take precedence.
- 13.8 *Waiver.* No waiver by either party or any breach or default of any of the covenants or conditions herein contained and performed by the other party shall be construed as a waiver of any succeeding breach of the same or of any other covenant or condition.
- 13.9 *Merger of Agreement.* This Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreement with respect to the subject matter hereof whether oral or written.
- 13.10 *Counterparts.* This Agreement may be executed by the parties hereto on any number of counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.
- 13.11 *Reproduction of Documents.* This Agreement and all schedules, exhibits, attachments and amendments hereto may be reproduced by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. The parties hereto each agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any enlargement, facsimile or further reproduction shall likewise be admissible in evidence.
- 13.12 *Notices.* All notices and other communications as required or permitted hereunder shall be in writing and sent by first class mail, postage prepaid, addressed as follows or to such other address or addresses of which the respective party shall have notified the other.

(a) **If to the Transfer Agent, to:**

ALPS Fund Services, Inc.
1290 Broadway, Suite 1100
Denver, CO 80203
Attention: General Counsel
Fax: 303.623.7850

(b) **If to the Trust, to:**

AQR Funds
c/o AQR Capital Management, LLC

Two Greenwich Plaza,
3rd Floor
Greenwich, CT 06830
Attention: General Counsel
Fax: (203) 742-3105

14. Additional Funds

In the event that the Trust establish one or more Funds, in addition to those listed on the attached Schedule A, with respect to which it desires to have the Transfer Agent render services as transfer agent under the terms hereof, it shall so notify the Transfer Agent in writing, and if the Transfer Agent agrees in writing to provide such services, such Fund shall become a Fund hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their names and on their behalf by and through their duly authorized officers, as of the day and year first above written.

ALPS FUND SERVICES, INC.

By: /s/ Jeremy O. May
Name: Jeremy O. May
Title: President

AQR FUNDS

By: /s/ Brendan Kalb
Name: Brendan Kalb
Title: Secretary

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SCHEDULE A

Fund List

FUND	CLASSES OFFERED
AQR Global Equity Fund	Class N Class I Class Y
AQR International Equity Fund	Class N Class I Class Y
AQR International Small Cap Fund	Class N Class I Class Y
AQR Emerging Markets Fund	Class N Class I Class Y
AQR Equity Plus Fund	Class N Class I
AQR Small Cap Core Fund	Class N Class I
AQR Small Cap Growth Fund	Class N Class I
AQR Diversified Arbitrage Fund	Class N Class I

SCHEDULE B

**ALPS Fund Services, Inc.
Blue Sky Administration Policies and Procedures**

[SEE ATTACHED]

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SCHEDULE C

Fee Schedule

Annual Fee: \$12,500 annual base fee per Fund; \$1,000 annual base fee per each additional share class over three (3)

Fees are billable on a monthly basis at the rate of 1/12 of the annual fee. A charge is made for an account in the month that an account opens.

Annual Open Account Fee:

Open Accounts	Fees Per Account
Direct & NSCC	\$15

Annual Inactive Account Fee:

\$5.50 per inactive account (an inactive account is an account with a zero balance that has had activity in the last eighteen months)

Annual Closed Account Fee:

\$0.50 per closed account (a closed account is an account with a zero balance that has not had activity in the last eighteen months)

Out-of-Pocket Fees:

The Trust agrees to reimburse the Transfer Agent for reasonable and adequately documented out-of-pocket expenses (which includes an itemized statement) incurred in connection with the performance of its duties and obligations under the terms of this Agreement, including but not limited to confirmations and investor statements; statement paper and envelopes; postage; forms; SEC Rule 22c-2 compliance costs and fees; NSCC interface fees; sales reporting system fees; Blue Sky fees; control review reports (includes SAS 70 and compliance program evaluation reviews (CPER)); telephone charges; records storage; advances incurred for Trust-related postage, if any; customized programming/enhancements requested by the Trust; and other miscellaneous expenses that may occur at the request or with the consent of the Trust. The Transfer Agent will seek advance approval from the Trust before incurring any out-of-pocket expenses that are out of the ordinary course of business.

SCHEDULE D

SECURITY PROCEDURE

[SEE ATTACHED]

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SCHEDULE E

SERVICE LEVELS/PERFORMANCE STANDARDS

Teleservicing:

The Transfer Agent will meet the following standards during periods of monthly call volumes under 1500:

The Transfer Agent's Average Speed of Answering calls ("ASA") will be 30 seconds or fewer. This service level will be met at least 95% of the time on a monthly basis.

The Transfer Agent's abandonment rate for calls will be less than 5 percent. (The abandonment rate will be calculated as follows: calls abandoned by callers after 20 seconds/calls received during same week or other mutually agreed upon time period.)

The Transfer Agent will meet the following standards during periods of monthly call volumes over 1500:

The Transfer Agent's Average Speed of Answering calls ("ASA") will be 20 seconds or fewer. This service level will be met at least 95% of the time on a monthly basis.

The Transfer Agent's abandonment rate for calls will be less than 2 percent. (The abandonment rate will be calculated as follows: calls abandoned by callers after 20 seconds/calls received during same week or other mutually agreed upon time period.)

Processing:

The Transfer Agent will provide secure, web-based access to client account information.

The Transfer Agent will meet the following standards 95% of the time on a monthly basis:

The Transfer Agent will establish new accounts in good order on its system on the day the Transfer Agent receives them.

The Transfer Agent will advise the Trust within two (2) Business Days of new accounts with incorrect or incomplete paperwork (*i.e.*, not in good order). The Trust may contact the potential or current shareholder to request additional or clarified information or may request that the Transfer Agent do so, at the Trust's sole discretion.

The Transfer Agent will place on its system shareholder transactions that are in good order on the day in which they are received.

The Transfer Agent will complete routine account maintenance correspondence items that are in good order within two (2) Business Days of their receipt.

The Transfer Agent will respond to other shareholder correspondence that involves more complicated matters (such as tax questions) within five Business Days of their receipt.

The Transfer Agent will forward any correspondence that does not involve or address transfer agent-related matters to the Trust within one (1) Business Day of their receipt.

Print/mail:

The Transfer Agent will meet the following standards 95% of the time on a monthly basis:

The Transfer Agent will mail or email daily transaction confirmations to shareholders by the end of the second Business Day after each trade date (*i.e.* "T+2").

The Transfer Agent will mail redemption checks to shareholders by the end of the Business Day after each trade date (*i.e.* "T+1").

The Transfer Agent will mail or email monthly and quarterly statements to shareholders within five Business Days after the applicable month or quarter end.

Penalties for Failures to Meet Service Levels or Performance Standards:

No penalties will apply for failures to meet service levels or performance standards until Transfer Agent has completed three months of service for at least one Fund listed on Schedule A of this Agreement.

The penalty for missing a standard in a second month during any rolling twelve month period is a 10% reduction in the fee payable to the Transfer Agent pursuant to this Agreement for that month.

The penalty for missing a standard in a third month during any rolling twelve month period is a 20% reduction in the fee payable to the Transfer Agent pursuant to this Agreement for that month.

The penalty for missing a standard in a fourth month during any rolling twelve month period is a 30% reduction in the fee payable to the Transfer Agent pursuant to this Agreement for that month. In addition, AQR shall have the right to terminate this Agreement upon on thirty (30) days' notice if the Transfer Agent has missed a standard for four months during any rolling twelve month period.

SHAREHOLDER SERVICES AGREEMENT

This Agreement is made as of December 4, 2008 between AQR Funds, a Delaware statutory trust ("Trust"), on behalf of each series set forth on Schedule A hereto, as amended from time to time (each, a "Fund"), and AQR Capital Management, LLC, a Delaware limited liability company ("Adviser").

WHEREAS, the Trust is registered as an open-end management investment company under the Investment Company Act of 1940, as amended ("1940 Act");

WHEREAS, the Trust issues shares of beneficial interest ("shares") in separate series, each having multiple classes of shares ("Classes"), with each series (including each Fund) representing interests in a separate portfolio of securities and other assets with separate liabilities;

WHEREAS, certain beneficial owners of the Funds' shares ("shareholders") may require certain shareholder services, and the provisions of such services to those shareholders may benefit them and facilitate their ability to invest in the Fund;

WHEREAS, the Trust, on behalf of the Funds, and the Adviser have entered into an Investment Advisory Agreement, pursuant to which Adviser provides investment advisory services to the Funds; and

WHEREAS, the Trust desires that Adviser serve, and Adviser wishes to serve, as the Trust' s shareholder servicing agent, to provide shareholders of the Funds with one or more of the shareholders services described in Schedule B hereto ("Services"), as such Schedule may be amended from time to time.

NOW, THEREFORE, The Trust and Adviser agree as follows:

1. Appointment. The Trust hereby authorizes Adviser, and Adviser hereby agrees, to provide any or all of the Services to the Funds and/or shareholders of the Funds, as appropriate.

2. Services to be Performed.

2.1 Services; Standard of Care. For the duration of this Agreement, Adviser agrees to use its reasonable best efforts, subject to applicable legal and contractual restrictions and in compliance with the procedures described in the then-current prospectuses(es) and Statement(s) of Additional Information of the Funds (collectively, "Prospectuses"), to provide one or more of the Services. Except as otherwise provided herein, Adviser shall not be liable for any costs, expenses, damages, liabilities or claims (including reasonable attorneys' fees and accountants' fees) incurred by a Fund, except those costs, expenses, damages, liabilities or claims arising out of Adviser' s or Adviser' s affiliates own fraud, gross negligence or willful misconduct, or by reason of the reckless disregard by Adviser or Adviser' s affiliates of the Adviser' s obligations and duties hereunder. Under no circumstances shall either party hereto be liable to the other for special, punitive or consequential damages arising under or in connection with this Agreement, even if the party is previously informed of the possibility of such damages.

2.2. Office Space and Equipment; Information and Support to the Trust. Adviser shall provide such office space and equipment, telephone facilities, and personnel (which may be any part of the space, equipment, and facilities currently used in Adviser' s business, or any personnel employed by Adviser) as may be reasonably necessary or beneficial in order to provide or arrange for the provision of the Services. Adviser shall (i) furnish such information to the Trust, the Board of Trustees of the Trust or their designees as they may reasonably request including, without limitation, periodic information regarding the Services provided, and (ii) otherwise cooperate with the Trust, the Board of Trustees and their designees (including, without limitation, any auditors or counsel designated by the Trust or its Trustees) concerning this Agreement and the monies paid or payable by the Trust pursuant hereto, as well as any other reports or filings that may be required by law.

3. Fees.

3.1 Fees paid to Adviser. As full compensation to Adviser for its performance under this Agreement and the expenses Adviser incurs in connection therewith, the Trust shall compensate Adviser for the Services it performs with respect to each Class of a Fund in an amount up to the amount set forth in Schedule A with respect to the Class.

3.2 Calculation and Amount of Fees. The Adviser' s fee shall be calculated and accrued daily and paid monthly in arrears or at such other intervals as Adviser and the Trust may agree in writing.

4. Information Pertaining to the Shares. Adviser acknowledges that no person is authorized to make any representations concerning the Trust or any Fund except those representations contained in the applicable Fund' s then-current Prospectuses and in such printed information as the Trust or the principal underwriter for the Trust may prepare or approve in writing.

5. Representations of the Parties. Each party to this Agreement represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance; (ii) the person signing this Agreement on its behalf is duly authorized to do so; (iii) it has obtained all authorizations of any governmental body required in connection with this Agreement and such authorizations are in full force and effect; and (iv) the execution, delivery and performance of this Agreement will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected.

6. Compliance with Laws, Rules and Regulations. Adviser represents and warrants that it shall comply with all applicable laws, rules and regulations and the provisions of its organizational documents and any and all material contractual obligations in providing the Services.

7. Indemnification.

7.1 Indemnification of Adviser. The Trust will indemnify Adviser against and hold Adviser harmless from all losses, claims, damages, liabilities or expenses (including reasonable fees and disbursements of counsel) arising out of: (i) the material breach by the Trust of any of

its obligations under this Agreement; (ii) the willful misfeasance, bad faith, or gross negligence of the Trust, its officers, employees or agents (other than the Adviser, to the extent the Adviser could be deemed an agent of the Trust) in the performance of the Trust's duties or obligations under this Agreement; or (iii) the reckless disregard by the Trust, its officers, employees, or agents (other than the Adviser, to the extent the Adviser could be deemed an agent of the Trust) of the Trust's duties and obligations under this Agreement.

7.2. Indemnification of the Trust. Adviser shall indemnify the Trust against and hold the Trust harmless from all losses, claims, damages, liabilities or expenses (including reasonable fees and disbursements of counsel) arising out of: (i) the material breach by the Adviser of any of its obligations under this Agreement; (ii) the willful misfeasance, bad faith, or gross negligence of the Adviser, its officers, employees or agents in the performance of the Adviser's duties or obligations under this Agreement; or (iii) the reckless disregard by the Adviser, its officers, employees, or agents of the Adviser's duties and obligations under this Agreement.

7.3 Procedure for Indemnification. In any case in which a party may be asked to indemnify or hold the other party harmless, the indemnifying party shall be advised of all pertinent facts concerning the situation in question and the indemnified party shall use reasonable care to identify and notify the indemnifying party promptly concerning any situation that presents or appears likely to present a claim for indemnification by the indemnifying party. The indemnifying party shall have the option to defend the indemnified party against any claim which may be the subject of indemnification under this Section 7. In the event that the indemnifying party elects to defend against the claim, the defense shall be conducted by counsel chosen by indemnifying party and reasonably satisfactory to the indemnified party. The indemnified party may retain additional counsel at own its expense. Except with the prior written consent of indemnifying party, the indemnified party shall not confess any claim or make any compromise in any case in which indemnifying party is asked to indemnify the indemnified party.

7.4 Survival of Indemnities. The indemnities granted by the parties in this Section 7 shall survive the termination of this Agreement.

8. Term and Termination. This Agreement shall not take effect with respect to any Class of any Fund until it has been approved by votes of a majority of both: (i) the Trustees and (ii) the Trustees who are not "interested persons" (as that term is defined in the 1940 Act) of the Trust and have no direct or indirect financial interest in the operation of this Agreement or in any related agreements ("Independent Trustees"). Unless sooner terminated, this Agreement will continue in effect with respect to each Class of each Fund for one year from effectiveness of the Agreement for that Class and thereafter for successive annual periods, provided that such continuance is specifically approved at least annually by votes of a majority of both (i) the Board of Trustees of the Trust and (ii) the Independent Trustees. This Agreement may be terminated with respect to a Class of a Fund or a Fund in its entirety, at any time without the payment of any penalty, by: (i) a vote of a majority of the Board of Trustees; (ii) a vote of the majority of the Independent Trustees; (iii) a vote of a majority of the Class' or Fund' s outstanding voting securities, respectively; or (iv) the Adviser on 60 days' written notice, and shall terminate in its entirety when terminated as to all Classes of all Funds. The termination of this Agreement with respect to one Class or Fund shall not result in the termination of this Agreement with respect to

any other Class or Fund. This Agreement shall also terminate automatically in the event of its assignment. (As used in this Agreement, the terms “majority of the outstanding voting securities”, “interested persons” and “assignment” shall have the same meanings as ascribed to such terms in the 1940 Act.) The parties hereto shall update Schedule A hereto from time to time as necessary to reflect changes in the Classes and Funds to which this Agreement applies.

9. Privacy. Adviser acknowledges and agrees on behalf of itself and its officers, employees and agents that it may receive from shareholders or the Trust non-public personal information, or access to non-public personal information, about shareholders who are “customers” or “consumers” as such terms are defined under Regulation S-P (collectively, “Shareholder Information”). All information, including Shareholder Information, obtained in the course of providing the Services pursuant to this Agreement shall be considered confidential information. Adviser shall not disclose such confidential information to any other person or entity or use such confidential information other than to carry out the purposes of this Agreement. Adviser further agrees to safeguard and maintain the confidentiality and security of Shareholder Information which is obtained pursuant to this Agreement. Without limiting the foregoing, the Trust hereby agrees that Adviser, its officers, employees or agents may provide confidential information, including Shareholder Information, to any of its affiliates, agents, advisers, service providers or Subcontractors engaged by Adviser, to extent that such party needs to know such information in connection with performance by the Adviser of its duties and obligations under the terms of this Agreement.”

10. Changes; Amendments. This Agreement may be amended only by the mutual written consent of the parties hereto.

11. Notices. Any notice or other communication required to be given pursuant to this Agreement shall be deemed duly given if delivered or mailed to Adviser or the Trust, as appropriate, at Two Greenwich Plaza, Third Floor, Greenwich, CT 06830.

12. Governing Law. This Agreement shall be construed and the provisions thereof interpreted under and in accordance with the laws of the State of Delaware applicable to agreements fully executed and to be performed therein, without regard to its conflict of law provisions.

13. Limitation on Liability. The obligations of the Trust (or the Funds or Classes thereof) entered into in the name or on behalf thereof by any Trustee, representative or agent of the Trust (or particular Fund or Class thereof) are made not individually, but in such capacities, and are not binding upon any Trustee, shareholder, representative or agent of the Trust (or particular Fund or Class thereof) personally, but bind only the assets of the Trust (or particular Fund or Class thereof), and all persons dealing with any Fund and/or Class of the Trust must look solely to the assets of the Trust belonging to such Fund and/or Class for the enforcement of any claims against the Trust (or particular Fund or Class thereof).

14. Complete Agreement. This Agreement, including the Schedules hereto, contains the full and complete understanding of the parties and supersedes all prior representations, promises, statements, arrangements, agreements, warranties and understandings between the parties with respect to the subject matter hereof, whether oral or written, express or implied.

15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

16. Severability. If any provision of this Agreement shall be held invalid by a court decision, statute, rule or otherwise, the remainder of the Agreement shall not be affected thereby.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement by their duly authorized officers as of the date and year first written above.

AQR Funds

By: /s/ Brendan Kalb

Name: Brendan Kalb

Title: Secretary

AQR Capital Management, LLC

By: /s/ Bradley Asness

Name: Bradley Asness

Title: Principal and General Counsel

SCHEDULE A**TO****SHAREHOLDER SERVICES AGREEMENT**

<u>Fund</u>	<u>Class</u>	<u>Maximum Fees For the Services</u>
AQR Global Equity Fund	Class Y	0.25%
	Class I	0.30%
	Class N	0.35%
AQR International Equity Fund	Class Y	0.25%
	Class I	0.30%
	Class N	0.35%
AQR International Small Cap Fund	Class Y	0.25%
	Class I	0.30%
	Class N	0.35%
AQR Emerging Markets Fund	Class Y	0.25%
	Class I	0.30%
	Class N	0.35%
AQR Equity Plus Fund	Class I	0.30%
	Class N	0.35%
AQR Small Cap Core Fund	Class I	0.30%
	Class N	0.35%
AQR Small Cap Growth Fund	Class I	0.30%
	Class N	0.35%
AQR Diversified Arbitrage Fund	Class I	0.30%
	Class N	0.35%

Effective December ____, 2008

SCHEDULE B

TO

SHAREHOLDER SERVICES AGREEMENT

LIST OF SHAREHOLDER SERVICES

The Services comprise:

1. Providing information and services to Fund shareholders, including professional and informative reporting, access to analysis and explanations of Fund reports, and information about shareholder positions in Fund shares.
2. Assisting in the preparation of shareholder communications and forwarding shareholder communications to shareholders, such as proxies and proxy solicitation materials, shareholder reports, annual reports, dividend and capital gain distribution and tax notices to shareholders, and updated Prospectuses.
3. Responding to inquiries from shareholders concerning their investment in shares of the Classes of the Funds.
4. Providing the necessary personnel and facilities to perform the Services.
7. Overhead and other expenses related to all Service activities, including but not limited to, telephone and other communications expenses, and website maintenance expenses (including developing and maintaining the Trust' s website)
8. Providing such other similar services as may be reasonably requested to the extent permitted under applicable statutes, rules and regulations

In no event will any portion of the fee provided for herein be paid for services or elements of services that would be deemed to be primarily intended to result in the sale of Fund shares for purposes of Rule 12b-1 of the 1940 Act.

Effective December ____, 2008

FEE WAIVER AND EXPENSE REIMBURSEMENT AGREEMENT

AGREEMENT, made as of this 10th day of December, 2008, between the AQR Funds (“Trust”), on behalf of its series listed on Appendix A hereto (each, a “Fund”), and AQR Capital Management, LLC (“AQR”).

WHEREAS, the parties have entered into an Investment Advisory Agreement with respect to the Funds dated as of December 4, 2008 (“Advisory Agreement”); and

WHEREAS, AQR desires to reduce the investment advisory fees charged to the Funds described in the Advisory Agreement, waive other fees it is entitled to receive from the Funds and/or reimburse certain operating expenses for the Funds to keep net expenses at specified levels as set forth in Appendix A.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, Trust and AQR agree as follows:

1. With respect to each Fund, for the period commencing as of the date of this Agreement through the date set forth in Schedule A hereto with respect to the Fund, AQR agrees to waive fees payable to AQR pursuant to the Advisory Agreement and/or reimburse operating expenses for the Funds in an amount sufficient to keep the total annual operating expenses (exclusive of interest, taxes, dividend expense, borrowing costs, acquired fund fees and expenses, interest expense relating to short sales and extraordinary expenses) for each class of shares of the Funds at the levels set forth in Appendix A (“Maximum Permitted Rate”).

2. The Trust, in turn, agrees that, subject to the limitations set forth in this paragraph, it will repay the fee waiver/expense reimbursement to AQR. Each such repayment shall be made only out the assets of the Fund for which the applicable fee waiver/expense reimbursement was made. Repayments with respect to a Fund must be limited to amounts that do not cause the aggregate operating expenses of the Fund attributable to a share class during a year in which such repayment is made to exceed the applicable Maximum Permitted Rate. A repayment shall be payable only to the extent it can be made during the thirty six months following the applicable period during which AQR waived fees or reimbursed the applicable Fund for its operating expenses under the Agreement. The Trust agrees to furnish or otherwise make available to AQR such copies of its financial statements, reports, and other information relating its business and affairs as AQR may, at any time or from time to time, reasonably request in connection with this Agreement.

3. AQR understands and intends that the Funds will rely on this agreement in preparing and filing its registration statements on Form N-1A and in accruing the expenses of the Funds for purposes of calculating net asset value and otherwise, and expressly permits the Funds to do so.

4. AQR understands that it shall look only to the assets of the relevant Fund for performance of this Agreement and for payment of any claim AQR may have hereunder, and neither any other series of the Trust, nor any of the Trust’s trustees, officers, employees, agents, or shareholders, whether past present or future, shall be personally liable therefore.

5. This Agreement shall be governed by applicable federal laws, rules and regulations and the laws of the State of Delaware without regard to the conflicts of law provisions thereof; provided, however that nothing herein shall be construed as being inconsistent with the 1940 Act, the Advisers Act or other applicable federal law. Where the effect of a requirement of the 1940 Act, Advisers Act or other applicable federal law reflected in any provision of this Agreement is altered by a new or changed rule,

regulation or order of the SEC, whether of special or general application, such provision shall be deemed to incorporate the effect of such rule, regulation or order. Any amendment to this Agreement shall be in writing signed by the parties hereto.

6. This Agreement shall run concurrently with the Advisory Agreement and may be extended from year-to-year subject to approval by the Board of Trustees of the Trust, including a majority of the Trustees of the Trust who are not “interested persons” of the Trust within the meaning of Section 2(a)(19) of the Investment Company Act of 1940, as amended.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their officers designated below as of the day and year first written above.

AQR FUNDS

By: /s/ Brendan Kalb
Name: Brendan Kalb
Title: Secretary

AQR CAPITAL MANAGEMENT, LLC

By: /s/ Bradley D. Asness
Name: Bradley D. Asness
Title: Principal & General Counsel

APPENDIX A

FUNDS AND EXPENSE CAPS

<u>Name of Fund</u>	<u>Class</u>	<u>Expense Cap</u>	<u>Date</u>
AQR Global Equity Fund	N	1.20%	December 31, 2010
AQR Global Equity Fund	I	0.85%	December 31, 2010
AQR Global Equity Fund	Y	0.50%	December 31, 2010
AQR International Equity Fund	N	1.25%	December 31, 2010
AQR International Equity Fund	I	0.90%	December 31, 2010
AQR International Equity Fund	Y	0.55%	December 31, 2010
AQR International Small Cap Fund	N	1.60%	April 30, 2010
AQR International Small Cap Fund	I	1.25%	April 30, 2010
AQR International Small Cap Fund	Y	1.00%	April 30, 2010
AQR Emerging Markets Fund	N	1.60%	April 30, 2010
AQR Emerging Markets Fund	I	1.25%	April 30, 2010
AQR Emerging Markets Fund	Y	1.05%	April 30, 2010
AQR Equity Plus Fund	N	1.60%	April 30, 2010
AQR Equity Plus Fund	I	1.20%	April 30, 2010
AQR Small Cap Core Fund	N	1.40%	April 30, 2010

AQR Small Cap Core Fund	I	1.20%	April 30, 2010
AQR Small Cap Growth Fund	N	1.50%	April 30, 2010
AQR Small Cap Growth Fund	I	1.20%	April 30, 2010
AQR Diversified Arbitrage Fund	N	1.50%	April 30, 2010
AQR Diversified Arbitrage Fund	I	1.20%	April 30, 2010

Dechert LLP
1775 I Street N.W.
Washington, D.C. 20006

December 17, 2008

AQR Funds
Two Greenwich Plaza, 3rd Floor
Greenwich, CT 06830

Ladies and Gentlemen:

This opinion is given in connection with the filing by AQR Funds, a Delaware statutory trust (“Trust”), of Pre-Effective Amendment No. 2 to the Registration Statement on Form N-1A under the Securities Act of 1933 (“1933 Act”) and Amendment No. 2 to the Registration Statement under the Investment Company Act of 1940 (“1940 Act”) relating to an indefinite amount of authorized shares of beneficial interest of the AQR Global Equity Fund, AQR International Equity Fund, AQR International Small Cap Fund, AQR Emerging Markets Fund, AQR Equity Plus Fund, AQR Small Cap Core Fund, AQR Small Cap Growth Fund, and AQR Diversified Arbitrage Fund, each a separate series of the Trust (together, “Funds”). The authorized shares of beneficial interest of the Funds are hereinafter referred to as “Shares.”

We have examined the following Trust documents: (1) the Trust’s Declaration of Trust, as amended; (2) the Trust’s By-Laws; (3) the initial Registration Statement filing with the Securities and Exchange Commission (“SEC”) on September 11, 2008, Pre-Effective Amendment No. 1 to the Registration Statement filing with the SEC on October 30, 2008 and Pre-Effective Amendment No. 2 to the Registration Statement filing with the SEC made on the date of this opinion; (4) pertinent provisions of the laws of the State of Delaware; and (5) such other Trust records, certificates, documents, and statutes that we have deemed relevant in order to render the opinions expressed herein.

Based on such examination, we are of the opinion that:

1. The Trust is a statutory trust duly organized, validly existing, and in good standing under the laws of the State of Delaware; and
2. The Shares to be offered for sale by the Trust, when issued in the manner contemplated by the Registration Statement, will be legally issued, fully paid and non-assessable.

This letter expresses our opinion as to the Delaware statutory trust law governing matters such as the due organization of the Trust and the authorization and issuance of the Shares, but does not extend to the securities or “Blue Sky” laws of the State of Delaware or to federal securities or other laws.

The opinions expressed herein are solely for your benefit and may not be relied on in any manner or for any purpose by any other person. We express no opinion as to any other matter other than as expressly set forth above and no other opinion is intended or may be inferred herefrom. The opinions expressed herein are given as of the date hereof and we undertake no obligation and hereby disclaim any obligation to advise you of any change after the date of this opinion pertaining to any matter referred to herein.

We consent to the use of this opinion as an exhibit to Pre-Effective Amendment No. 2 to the Registration Statement filing for the Funds and to the reference to Dechert LLP under the caption "Counsel and Independent Registered Public Accounting Firm" in the Statement of Additional Information for the Funds, which is incorporated by reference into the Prospectus comprising a part of Pre-Effective Amendment No. 2 to the Registration Statement for the Funds. In giving such consent, however, we do not admit that we are within the category of persons whose consent is required by Section 7 of the 1933 Act and the rules and regulations thereunder.

Very truly yours,

/s/ Dechert LLP

Dechert LLP

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form N-1A of our report dated December 12, 2008, relating to the financial statement of the AQR Diversified Arbitrage Fund, which appears in such Registration Statement. We also consent to the reference to us under the heading "Counsel and Independent Registered Public Accounting Firm" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

New York, New York

December 17, 2008

AQR Funds
Two Greenwich Plaza, 3rd Floor
Greenwich, CT 06830

December 2, 2008

AQR Capital Management, LLC

Ladies and Gentlemen:

AQR Funds, on behalf of its series listed below, hereby accepts your offer to purchase 10,000 shares of the AQR Diversified Arbitrage Fund at a purchase price of \$10.00 per share, for an aggregate purchase price of \$100,000.00.

This agreement is subject to the understanding that you have no present intention of selling or redeeming the shares so acquired.

Any redemption of these shares of any series by you will be reduced by a pro rata portion of any then unamortized organization expenses of such series. This proration will be calculated by dividing the number of shares of such series to be redeemed by the aggregate number of shares of such series held which represent the initial capital of the series.

AQR FUNDS

By: /s/ Brendan Kalb

Name: Brendan Kalb

Title: Secretary

Accepted:

AQR Capital Management, LLC

By: /s/ Bradley Asness

Name: Bradley Asness

Title: Principal and General Counsel

AQR FUNDS

DISTRIBUTION PLAN

WHEREAS, AQR Funds (“Trust”) is an open-end investment company registered under the Investment Company Act of 1940, as amended (“1940 Act”) that has established multiple series of its shares of beneficial interest, each having multiple classes of shares; and

WHEREAS, the Trust desires to adopt, on behalf of each of the series set forth on Exhibit A hereto (“Funds”), a Distribution Plan pursuant to Rule 12b-1 under the 1940 Act (“Plan”) with respect to Class N shares of the Funds; and

WHEREAS, the Trustees of the Trust have determined that there is a reasonable likelihood that adoption of the Distribution Plan will benefit the Trust, the Funds and the Funds’ shareholders.

NOW, THEREFORE, the Trust, on behalf of the Funds, hereby adopts the terms of the Plan, in accordance with Rule 12b-1 under the 1940 Act, on the following terms and conditions:

1. The Funds shall make payments for the distribution of their Class N shares up to the annual rate of each respective Fund’ s average daily net assets attributable to Class N shares set forth in Exhibit A. This fee shall be calculated and accrued daily and paid monthly or at such other intervals as the Trustees shall determine, subject to any applicable restriction imposed by law, rule or regulation, including the rules of the Financial Industry Regulatory Authority, Inc. (“FINRA”).

2. The payments provided for in paragraph 1 of this Plan may be made to finance any activity primarily intended to result in the sale of the shares of the Funds that is permissible under applicable law, rule or regulation, including, but not limited to: (a) compensation to broker-dealers that have entered into a sales agreement with the Funds’ distributor and financial institutions and other entities that make shares of the Funds available to their customers; (b) the development, formulation and implementation of marketing and promotional activities, including direct mail promotions and media advertising; (c) compensation to and expenses of the Funds’ distributor attributable to distribution and/or sales support activities, including travel, equipment, printing, delivery, telephone and mailing costs, and other overhead and office expenses of the distributor; (d) interest expenses; (e) the preparation, printing and distribution of prospectuses, Statements of Additional Information (“SAI”) and reports and any supplements thereto for persons other than existing shareholders; (f) the preparation, printing and distribution of sales literature and advertising materials; (g) expenses associated with processing new account applications; (h) the costs of administering the Plan; (i) expenses of organizing and conducting sales seminars; (j) the costs of retaining, compensating and paying reasonable expenses of employees, agents and subcontractors of the Funds’ distributor to support the distribution of the Class N shares; and (k) profit to the providers of the foregoing. In addition, a portion of such amount may be paid for account maintenance and personal service to shareholders within the meaning of FINRA Rule 2830 (“Service Fee”).

3. To the extent that amounts paid hereunder are not used specifically to (a) reimburse the Funds' distributor for costs or expenses incurred in financing activities that are primarily intended to result in the sale of the Funds' Class N shares or (b) compensate a provider of distribution-related services, the Funds' distributor may treat such amounts as compensation to it for distribution-related services.

4. This Plan shall not take effect until it, together with any related agreements, has been approved by votes of a majority of both (a) the Board of Trustees of the Trust with respect to each Fund; and (b) those Trustees of the Trust who are not "interested persons" (as defined in the 1940 Act) of the Trust and who have no direct or indirect financial interest in the operation of this Plan or any agreements related to it ("Independent Trustees"), cast in person at a meeting (or meetings) called for the purpose, among other things, of voting on this Plan and such related agreements.

5. This Plan shall continue in full force and effect as to the Funds for so long as such continuance is specifically approved at least annually in the manner provided for initial approval of the Plan and its related agreements in paragraph 4.

6. The Trustees of the Trust shall be provided and shall review at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

7. This Plan may be terminated as to the Class N shares of any Fund at any time, without payment of any penalty, by vote of a majority of the Independent Trustees, or by a vote of a "majority of the outstanding voting securities" (as defined in the 1940 Act) of the Class N shares of the Fund.

8. This Plan may not be amended with respect to any Fund to increase materially the amount of the payments provided for in paragraph 1 hereof with respect to the Class N shares of the Fund unless such amendment is approved by a "vote of a majority of the outstanding securities" (as defined in the 1940 Act) of the Class N shares of the Fund. No material amendment to the Plan shall be made unless approved in the manner provided in paragraph 4 for the initial approval of the Plan and its related agreements.

9. Any agreement related to this Plan shall be made in writing and shall provide that:

(a) with respect to any Fund, such agreement may be terminated at any time, without payment of any penalty, by the vote of a majority of the Independent Trustees or by the "vote of a majority of the outstanding voting securities" (as that term is defined in the 1940 Act) of the Class N shares of the Fund, on not more than sixty (60) days' written notice to any other party to the agreement; and

(b) such agreement shall terminate automatically in the event of its "assignment," as that term is defined in the 1940 Act.

10. While this Plan is in effect, the Trust shall comply with all applicable and currently effective fund governance requirements of Rule 0-1(a)(7) under the 1940 Act.

11. The Trust shall preserve copies of this Plan and any related agreements and all reports made pursuant to paragraph 6 hereof, for a period of not less than six years from the date of this Plan, any such agreement or any such report, as the case may be, the first two years in an easily accessible place.

Effective: November 25, 2008

EXHIBIT A
TO
AQR FUNDS
DISTRIBUTION PLAN

<u>Fund</u>	<u>Class</u>	<u>Maximum Distribution Fee</u>
AQR Global Equity Fund	Class N	0.25%
AQR International Equity Fund	Class N	0.25%
AQR International Small Cap Fund	Class N	0.25%
AQR Emerging Markets Fund	Class N	0.25%
AQR Equity Plus Fund	Class N	0.25%
AQR Small Cap Core Fund	Class N	0.25%
AQR Small Cap Growth Fund	Class N	0.25%
AQR Diversified Arbitrage Fund	Class N	0.25%

Effective _____, 200__

**MULTIPLE CLASS PLAN
PURSUANT TO RULE 18F-3**

FOR

THE AQR FUNDS

WHEREAS, The AQR Funds (“Trust”) engages in business as an open-end management investment company and is registered as such under the Investment Company Act of 1940, as amended (“Act”);

WHEREAS, shares of beneficial interest of the Trust are divided into the series (each a “Fund”) set forth in Appendix A hereto, as may be amended from time to time;

WHEREAS, the Trust desires to adopt, on behalf of each of the Funds, a Multiple Class Plan pursuant to Rule 18f-3 under the Act (“Plan”) with respect to each of the Funds; and

WHEREAS, the Trust employs AQR Capital Management, LLC (“Adviser”) as its investment adviser and ALPS Distributors, Inc. (“Distributor”) as its distributor.

NOW, THEREFORE, the Trust hereby adopts, on behalf of the Funds, the Plan, in accordance with Rule 18f-3 under the Act and on the following terms and conditions:

1. Features of the Classes. Each of the Funds issues its shares of beneficial interest in one or more of the following three classes: “Class N Shares,” “Class I Shares,” and “Class Y Shares,” as set forth in Appendix A hereto. Shares of each class of a Fund shall represent an equal pro rata interest in such Fund and, generally, shall have identical voting, dividend, liquidation, and other rights, preferences, powers, restrictions, limitations, qualifications, and terms and conditions, except that: (a) each class shall have a different designation; (b) each class of shares shall bear any Class Expenses applicable to it, as defined in Section 4 below; and (c) each class shall have (i) exclusive voting rights on any matter submitted to shareholders that relates solely to its arrangement and (ii) separate voting rights on any matter submitted to shareholders in which the interests of one class differ from the interests of any other class. In addition, shares of each class of a Fund shall have the features described herein.

2. Shareholder Services Agreement. The Trust has entered into a Shareholder Services Agreement with the Adviser with respect to each class of shares of each Fund. Under the Shareholder Services Agreement, the Trust may compensate the Adviser for providing or arranging to provide one or more of the shareholder services specified in the Shareholder Services Agreement (“Services”) to Fund shareholders. The Adviser may subcontract for the performance of one or more of the Services with persons who provide Services for Fund shareholders, including, without limitation, affiliated persons (or affiliated persons of affiliated persons) of Adviser (each a “Subcontractor”). Pursuant to the Shareholder Services Agreement, the Funds pay the Adviser in amounts that differ with respect to each class. The Adviser may pay Subcontractors directly for Services they provide out of its fee.

3. Distribution Plan. The Trust has adopted a Distribution Plan on behalf of Rule 12b-1 under the Act on behalf of Class N Shares of each Fund. Under the Distribution Plan Class N Shares of each Fund pay the Distributor monthly a fee at the rate set forth in the Distribution Plan for services rendered by the Distributor in connection with any activities or expenses primarily intended to result in the sale of Class N Shares, including, but not limited to, compensation to registered representatives or other employees of Distributor and to other broker-dealers that have entered into a Selling Agreement or similar agreement with the Distributor, compensation to and expenses of employees of the Distributor who engage in or support distribution of the Funds' shares; telephone expenses; interest expense; printing of prospectuses and reports for other than existing shareholders; preparation, printing and distribution of sales literature and advertising materials; and profit and overhead on the foregoing.

4. Conversion Features. In the event that a shareholder ceases to meet the eligibility requirements pertinent to the class of shares the shareholder holds as set forth herein, the Board of Trustees may approve the conversion of the shareholder' s shares into shares of the share class for which the shareholder is eligible that has the most attractive arrangements for the shareholder, provided that: (i) the shareholder is notified in advance of the conversion and (ii) the conversion is effected on the basis of the relative net asset values of the two classes without the imposition of any sales load, fee, or other charge.

5. Subscription Fees. Class Y Shares of each Fund may be offered at the then-current net asset value plus a subscription fee in such amount disclosed in such Fund' s current prospectus(es) or statement(s) of additional information (collectively, "Prospectus") and shall be subject to such reductions or waivers as are disclosed in the Fund' s current Prospectus. Subscription fees are intended to help offset portfolio transaction and other related costs caused by significant shareholder purchases and redemptions of Class Y Shares.

6. Redemption Fees. Class N Shares, Class I Shares, and Class Y Shares of each Fund may assess redemption fees upon the redemption of Fund shares in such amounts and under such conditions as disclosed in such Fund' s current Prospectus and shall be subject to such reductions or waivers as are disclosed in the Fund' s current Prospectus. The redemption fees assessed upon the redemption of Class N Shares and Class I Shares shall apply only to redemptions of shares held for 60 days or fewer, while the redemption fees assessed upon the redemption of Class Y Shares shall be applied to all redemptions regardless of the period such Class Y Shares may have been held.

7. Eligibility Requirements. The Trust generally imposes the eligibility requirements set forth below with respect to each class of each Fund' s shares, subject to the ability to waive the requirements if deemed appropriate. Each Fund reserves the right to refuse any order to purchase its shares.

a. Class N Shares. Class N Shares of a Fund shall be offered to members of the general public.

b. Class I Shares. Class I Shares of a Fund shall be offered to institutional investors (such as qualified retirement plans) and certain types of investment management accounts made available through intermediaries (such as wrap fee programs and other programs charging asset-based

fees) that meet the investment minimum requirements described in such Fund' s current Prospectus. In addition, Class I Shares of the AQR Large Cap Plus Fund, AQR Small Cap Core Fund, AQR Small Cap Growth Fund, and AQR Diversified Arbitrage Fund also may be offered to tax-exempt retirement plans of the Adviser and its affiliates and rollover accounts from those plans, as well as employees of the Adviser and members of their immediate families purchasing directly from the Distributor.

c. Class Y Shares. Class Y Shares of a Fund shall be offered to institutional clients of the Adviser with a Separate Account Services and Reporting Agreement with the Adviser with \$10,000,000 or more invested in a Fund. Class Y Shares of a Fund may be offered to tax-exempt retirement plans of the Adviser and its affiliates and rollover accounts from those plans, as well as employees of the Adviser and members of their immediate families purchasing directly from the Distributor.

8. Allocations, Income and Expenses.

a. The gross income and realized and unrealized capital gains of each Fund shall generally be allocated to each class on the basis of net assets. To the extent practicable, certain expenses (other than Class Expenses as defined below which shall be allocated more specifically) shall be subtracted from the gross income on the basis of the net assets of each class of the Fund. These expenses include:

1. Expenses incurred by the Trust (for example, fees of Trustees, auditors and legal counsel) not attributable to a particular Fund or to a particular class of shares of a Fund ("Trust Level Expenses"); and
2. Expenses incurred by a Fund not attributable to any particular class of the Fund' s shares (for example, advisory fees, custodial fees, or other expenses relating to the management of the Fund' s assets) ("Fund Expenses").

b. Expenses attributable to a particular class ("Class Expenses") shall be limited to: (i) payments made pursuant to a distribution plan and/or shareholder services agreement (such as the Distribution Plan and Shareholder Services Agreement); (ii) transfer agent fees attributable to a specific class; (iii) printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxy materials to current shareholders of a specific class; (iv) Blue Sky share registration or qualification fees incurred by a class; (v) Securities and Exchange Commission registration fees incurred by a class; (vi) the expense of administrative personnel and services to support the shareholders of a specific class; (vii) litigation or other legal expenses relating solely to one class; and (viii) trustees' fees incurred as a result of issues relating to one class. Expenses in category (i) above must be allocated to the class for which such expenses are incurred. All other "Class Expenses" listed in categories (ii)-(viii) above may be allocated to a class but only if the President and Chief Financial Officer have determined, subject to Board approval or ratification, which of such categories of expenses will be treated as Class Expenses consistent with applicable legal principles under the Act and the Internal Revenue Code of 1986, as amended ("IRC").

Therefore, expenses of a Fund shall be apportioned to each class of shares depending on the nature of the expense item. Trust Level Expenses and Fund Expenses will be allocated among the classes of shares based on their relative net asset values. Approved Class Expenses shall be allocated to the particular class to which they are attributable. In addition, certain expenses may be allocated differently if their method of imposition changes. Thus, if a Class Expense can no longer be attributed to a class, it shall be charged to a Fund for allocation among classes, as determined by the Board of Trustees. Any additional Class Expenses not specifically identified above which are subsequently identified and determined to be properly allocated to one class of shares shall not be so allocated until approved by the Board of Trustees of the Company in light of the requirements of the Act and the IRC.

9. Waiver or Reimbursement of Expenses. Fees and expenses may be waived or reimbursed by the Adviser or any other service provider to the Trust without the prior approval of the Board of Trustees.

10. Effectiveness of Plan. The Plan shall not take effect until it has been duly approved by votes of a majority of both (a) the Trustees of the Trust and (b) those Trustees of the Trust who are not “interested persons” of the Trust (as defined in the Act) and who have no direct or indirect financial interest in the operation of this Plan, cast in person at a meeting (or meetings) called for the purpose of voting on this Plan.

11. Material Modifications. This Plan may not be amended to modify materially its terms unless such amendment is approved in the manner provided for initial approval in Paragraph 10 hereof.

12. Limitation of Liability. The Trustees of the Trust and the shareholders of each Fund shall not be liable for any obligations of the Trust or any Fund under this Plan, and any person, in asserting any rights or claims under this Plan, shall look only to the assets and property of the Trust or such Funds in settlement of such right or claim, and not to such Trustees or shareholders.

IN WITNESS WHEREOF, the Trust, on behalf of the Funds, has adopted this Multiple Class Plan as of the 25th day of November, 2008.

THE AQR FUNDS

By: /s/ Brendan Kalb

Name: Brendan Kalb

Title: Secretary

**MULTIPLE CLASS PLAN
PURSUANT TO RULE 18F-3**

FOR

THE AQR FUNDS

APPENDIX A - LIST OF FUNDS AND CLASSES

As of December __, 2008

<u>FUND</u>	<u>CLASSES OFFERED</u>
AQR Global Equity Fund	Class N Class I Class Y
AQR International Equity Fund	Class N Class I Class Y
AQR International Small Cap Fund	Class N Class I Class Y
AQR Emerging Markets Fund	Class N Class I Class Y
AQR Equity Plus Fund	Class N Class I
AQR Small Cap Core Fund	Class N Class I
AQR Small Cap Growth Fund	Class N Class I
AQR Diversified Arbitrage Fund	Class N Class I

**Rule 17j-1 Code of Ethics
for
AQR Funds**

(Effective December __, 2008)

This Code of Ethics has been adopted by the Board of the Trust in accordance with Rule 17j-1 under the 1940 Act.¹ Terms that are capitalized in this Code of Ethics are defined in Section 8 below.

This Code of Ethics is designed to ensure that those individuals with access to information regarding the portfolio securities activities of the Trust do not intentionally use that information for their personal benefit and to the detriment of the Trust. It is not the intention of this Code of Ethics to prohibit personal securities activities by Access Persons.

Separate Codes of Ethics that comply with both Rule 17j-1 under the 1940 Act and, as appropriate, Rule 204A-1 under the Advisers Act govern the Trust's investment adviser, investment sub-adviser and principal underwriter. This Code of Ethics contains several carve outs from its requirements for Access Persons and/or Investment Persons of the Trust who are also access persons and/or investment persons of those service providers.

1. GENERAL PRINCIPLES

Rule 17j-1(b) makes it unlawful for any affiliated person of or principal underwriter for the Trust, or any affiliated person of an investment adviser or principal underwriter for the Trust (which includes its officers, directors, employees and associated persons), in connection with the purchase and sale (directly or indirectly) by such person of a Security Held or to be Acquired by the Trust, to:

- (A) Employ any device, scheme or artifice to defraud the Trust;
- (B) Make any untrue statement of a material fact to the Trust or omit to state a material fact necessary in order to make the statements made to the Trust, in light of the circumstances under which they are made, not misleading;
- (C) Engage in any act, practice or course of business which operates or would operate as a fraud or deceit on the Trust; or
- (D) Engage in any manipulative practice with respect to the Trust.

No Access Person shall engage in any act, practice or course of conduct that would violate the provisions of Rule 17j-1(b) set forth above. The interests of the Trust and its shareholders and investors are paramount and come before the interests of any Access Person. Personal investing activities of all Access Persons must be conducted in a manner that avoids actual or potential conflicts of interest with the Trust and its shareholders. Access Persons shall not use their positions, or any investment opportunities presented by virtue of such positions, to the detriment of the Trust and its shareholders.

¹ The Trust is registered as an open-end, management investment company with the U.S. Securities and Exchange Commission under the 1940 Act.

2. SUBSTANTIVE RESTRICTIONS

The following substantive restrictions are imposed on personal trading activities:

- (A) Investments in Initial Public Offerings and Limited Offerings.² Investment Personnel are generally prohibited from participating in IPOs and Limited Offerings. However, an Investment Person may participate in an IPO or a Limited Offering if he or she obtains written approval from the Chief Compliance Officer before directly or indirectly acquiring Beneficial Ownership in any securities in an IPO or Limited Offering. The Chief Compliance Officer may approve the participation of an Investment Person in an IPO or Limited Offering if he or she determines that it is clear that, in view of the nature of the security, the nature of the offering, the market for such security, and other factors deemed relevant, such participation by the Investment Person will not create a material conflict with the Trust. A record of any decision to permit investment by an Investment Person in an IPO, including the reasons for the decision, shall be kept in accordance with the requirements of Section 6, below.
- (B) Disgorgement. Any profits derived from securities transactions in violation of paragraph (A) shall be forfeited and paid to the appropriate Trust(s) for the benefit of its shareholders.

3. REPORTING REQUIREMENTS

To enable each Trust to determine with reasonable assurance whether the provisions of Rule 17j-1(a) and this Code of Ethics are being observed by its Access Persons, the following reporting requirements apply, except as noted in sub-section (D) below.³

- (A) Initial Holdings Report. Within 10 days after a person becomes an Access Person, he or she shall disclose in writing, in a form acceptable to the Chief Compliance Officer, all direct or indirect Beneficial Ownership interests of such Access Person in Covered Securities. Information to be reported must be current as of a date no more than 45 days prior to an individual becoming an Access Person and is to include:
- (1) The title, number of shares and principal amount of each Covered Security in which the Access Person had any direct or indirect Beneficial Ownership when the person became an Access Person;
 - (2) The name of any broker, dealer or bank with whom the Access Person maintained an account in which any securities were held for the direct or indirect benefit of the Access Person as of the date the person became an Access Person; and

² Any Investment Personnel of a Fund otherwise subject to a code of ethics compliant with Rule 17j-1 adopted by the Advisers or a principal underwriter of the Fund need not comply with this provision of the Code.

³ Any report required to be submitted pursuant to this Section 3 may contain a statement that the report will not be construed as an admission that the person making the report has any direct or indirect Beneficial Ownership in the securities to which the report relates. Reports under this Code of Ethics shall not relieve any Access Person from responsibility to report other information required to be reported by law or to comply with other applicable requirements of the federal and state securities laws and other laws.

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- (3) The date that the report is submitted by the Access Person.
- (B) Quarterly Transaction Report. Each Access Person shall report in writing to the Chief Compliance Officer within 30 days of the end of each calendar quarter in a form acceptable to the Chief Compliance Officer:
- (1) With respect to any transaction during the quarter in a Covered Security in which the Access Person had any direct or indirect Beneficial Ownership:
 - (i) The date of the transaction, the title, the interest rate and maturity date (if applicable), the number of shares and the principal amount of each Covered Security involved;
 - (ii) The nature of the transaction (*i.e.*, purchase, sale or any other type of acquisition or disposition);
 - (iii) The price of the Covered Security at which the transaction was effected;
 - (iv) The name of the broker, dealer or bank with or through which the transaction was effected; and
 - (v) The date that the report is submitted by the Access Person.
 - (2) With respect to any account established by the Access Person in which any securities were held during the quarter for the direct or indirect benefit of the Access Person:
 - (i) The name of the broker, dealer or bank with whom the Access Person established the account;
 - (ii) The date the account was established; and
 - (iii) The date that the report is submitted by the Access Person.
- (C) Annual Holdings Report. Each Access Person shall report annually, no later than January 31 of each year, the following information, which must be current as of December 31 of the prior calendar year:
- (1) The title, number of shares and principal amount of each Covered Security in which the Access Person had any direct or indirect beneficial ownership;
 - (2) The name of any broker, dealer or bank with whom the Access Person maintains an account in which any securities are held for the direct or indirect benefit of the Access Person; and
 - (3) The date that the report is submitted by the Access Person.

(D) Exceptions from Reporting Requirements.

- (1) A person need not submit reports pursuant to this Section 3 with respect to transactions effected for, and Covered Securities held in, any account over which the person has no direct or indirect influence or control.
- (2) An Access Person need not make a Quarterly Transaction Report with respect to transactions effected pursuant to an Automatic Investment Plan.
- (3) Any Access Person of the Trust who is also an “access person” of the Trust’ investment adviser, investment sub-adviser or principal underwriter (as that term is defined in Rule 17j-1) need not submit reports pursuant to this Section 3 provided that such person is otherwise subject to a code of ethics compliant with the terms of Rule 17j-1 adopted by the investment adviser, investment sub-adviser or principal underwriter of the Trust, as applicable, and reports under that Code of Ethics.
- (4) A Trustee of the Trust who is not an “interested person” of the Trust (as defined in Section 2(a)(19) of the 1940 Act), and who would be required to make a report solely by reason of being a Trustee of the Trust, need not make:
 - (i) An Initial Holdings Report or an Annual Holdings Report; and
 - (ii) A Quarterly Transaction Report unless the trustee knew or, in the ordinary course of fulfilling his or her official duties as a Trustee of the Trust, should have known that, during the 15-day period immediately preceding or after the trustee’ s transaction in a Covered Security, the Trust purchased or sold such Covered Security or the Trust considered purchasing or selling the Covered Security.
- (5) An Access Person need not make a Quarterly Transaction Report if the report would duplicate information contained in broker trade confirmations or account statements received by the Trust with respect to the Access Person provided such broker trade confirmations or account statements are received by the due date required for a Quarterly Transaction Report and broker trade confirmations or account statements contain all of the information required to be included in the Quarterly Transaction Report.

4. COMPLIANCE PROCEDURES

- (A) Notification to Access Persons: The Chief Compliance Officer shall notify each Access Person that he or she is subject to this reporting requirement, of his or her classification as “Access Person” and/or “Investment Person” under this Code of Ethics, and shall deliver a copy of this Code of Ethics to each Access Person.
- (B) Review of Reports. The Chief Compliance Officer shall review any reports received pursuant to this Code of Ethics within 30 days of their submission.

5. REPORT TO THE BOARDS

The Trust's Chief Compliance Officer shall report to the Board at each meeting regarding the following matters not previously reported:

- (A) Issues arising under the Code of Ethics, including but not limited to material violations of the Code of Ethics, violations that are material in the aggregate, and any sanctions imposed.
- (B) With respect to any transaction not required to be reported to the Board by the operation of sub-section (A) above that the Trust's Chief Compliance Officer believes nonetheless may evidence violation of this Code of Ethics.

The Board shall consider reports made hereunder and upon discovering that a violation of this Code of Ethics has occurred, the Board may impose such sanctions, in addition to any disgorgement required pursuant to Section 2(B) hereof, as they deem appropriate, including, among other things, a letter of sanction, suspension, or termination of the employment of the violator.

The Trust's Chief Compliance Officer shall report to the Board on an annual basis concerning existing personal investing procedures, violations during the prior year and any recommended changes in existing restrictions or procedures.

The Board shall review the Code of Ethics and the operation of these policies at least once a year.

6. RECORDKEEPING

The Trust shall maintain the following records at its principal offices as follows:

- (A) This Code of Ethics and any related procedures, and any Code of Ethics that has been in effect during the past five years shall be maintained in an easily accessible place;
- (B) A record of any violation of the Code of Ethics and of any action taken as a result of the violation, to be maintained in an easily accessible place for at least five years after the end of the fiscal year in which the violation occurs;
- (C) A copy of each report under this Code of Ethics by (or duplicate brokerage statements and/or confirmations for the account of) an Access Person, to be maintained for at least five years after the end of the fiscal year in which the report is made or the information is provided, the first two years in an easily accessible place;
- (D) A record of all persons, currently or within the past five years, who are or were required to make or to review reports made pursuant to Section 3, to be maintained in an easily accessible place;
- (E) A copy of each report by the Trust's Chief Compliance Officer to the Boards, to be maintained for at least five years after the end of the fiscal year in which it is made, the first two years in an easily accessible place; and
- (F) A record of any decision, and the reasons supporting the decision, to approve an acquisition by an Investment Person of securities offered in an Initial Public Offering or in a Limited Offering, to be maintained for at least five years after the end of the fiscal year in which the approval is granted.

7. APPROVAL REQUIREMENTS

This Code of Ethics and any material changes must be approved by the Board, including by a majority of Trustees who are not interested persons. Before initially retaining any investment adviser, sub-adviser or principal underwriter for the Trust, the Trust's Board must approve the Code of Ethics of the relevant entity (unless the entity is not required by Rule 17j-1 to adopt a Code of Ethics), and must approve any material change to that Code of Ethics within six months after the adoption of the change. Each such approval must be based on a determination that the Code of Ethics in question contains provisions reasonably necessary to prevent Access Persons from engaging in any conduct prohibited by Rule 17j-1. Before approving a Code of Ethics or any amendment thereto, the Board must receive a certification from the relevant entity that it has adopted procedures reasonably necessary to prevent Access Persons from violating the applicable Code of Ethics.

8. DEFINITIONS

- (A) **1933 Act** is the Securities Act of 1933, as amended.
- (B) **1934 Act** is the Securities Exchange Act of 1934, as amended.
- (C) **1940 Act** is the Investment Company Act of 1940, as amended.
- (D) **Access Person** includes:
 - (1) Any directors and officers of the Trust;
 - (2) Each employee (if any) of the Trust (or of any company in a Control relationship with the Trust) who, in connection with his or her regular functions or duties, makes, participates in, or obtains information regarding, the purchase or sale of Covered Securities by the Trust, or whose functions relate to the making of any recommendations with respect to such purchases or sales; and
 - (3) Any natural person in a Control relationship to the Trust who obtains information concerning recommendations made to the Trust with regard to the purchase or sale of Covered Securities by the Trust.

A list of each Trust's Access Persons will be maintained by the Trust's Chief Compliance Officer.

- (E) **Advisers Act** is the Investment Advisers Act of 1940, as amended.
- (F) **Automatic Investment Plan** means a program in which regular periodic purchases (or withdrawals) are made automatically in (or from) investment accounts in accordance with a predetermined schedule or allocation, including a dividend reinvestment plan.
- (G) **Beneficial Ownership** generally means any interest in a security for which an Access Person or any member of his or her immediate family sharing the same household can directly or indirectly receive a monetary ("pecuniary") benefit. It shall be interpreted in the same manner as it would be under Rule 16a-1(a)(2) of the 1934 Act, in determining

whether a person is the beneficial owner of a security for purposes of Section 16 of the 1934 Act and the rules and regulations thereunder, that, generally speaking, encompasses those situations where the beneficial owner has the right to enjoy a direct or indirect economic benefit from the ownership of the security. A person is normally regarded as the beneficial owner of securities held in (a) the name of his or her spouse, domestic partner, minor children, or other relatives living in his or her household; (b) the Trust, estate, or other account in which he/she has a present or future interest in the income, principal or right to obtain title to the securities; or (c) the name of another person or entity by reason of any contract, understanding, relationship, agreement or other arrangement whereby he or she obtains benefits substantially equivalent to those of ownership.

- (H) **Board** means the Board of Trustees of the Trust.
- (I) **Chief Compliance Officer** means the person or persons designated by the Board to fulfill the responsibilities assigned to the Chief Compliance Officer hereunder.
- (J) **Control** has the same meaning as that set forth in Section 2(a)(9) of the 1940 Act.
- (K) **Covered Security** means any “security” as defined in Section 2(a)(36) of the 1940 Act (a broad definition that includes any interest or instrument commonly known as a security),⁴ but *excluding*:
- (1) Direct obligations of the U.S. Government,
 - (2) Bankers’ acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements, and
 - (3) Shares of open-end investment companies registered under the 1940 Act (other than exchange traded funds).
- A purchase or sale of a Covered Security includes, among other things, the writing of an option to purchase or sell a Covered Security. Exchange traded funds, whether registered as open-end investment companies or unit investment Trust, are deemed covered securities.
- (L) **Fund** means a series of the Trust.
- (M) **Initial Public Offering** or **IPO** means an offering of securities registered under the 1933 Act, the issuer of which, immediately before the registration, was not subject to the reporting requirements of Sections 13 or 15(d) of the 1934 Act.

⁴ “Security” as defined in Section 2(a)(36) of the 1940 Act includes any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral rights, any put, call, straddle, option, or privilege on any security (including a certificate of deposit) or on any group or index of securities, or any put, call, straddle, option or privilege entered into on a national securities exchange relating to foreign currency. Security also includes shares of closed-end investment companies, shares of exchange traded funds, various derivative instruments, limited partnership interests and private placement of common or preferred stocks or debt instruments.

(N) **Investment Personnel or Investment Person** means:

- (1) Any employee of the Trust or its investment adviser or investment sub-adviser (or of any company in a control relationship to the Trust or its investment adviser or investment sub-adviser) who, in connection with his or her regular functions or duties, makes or participates in making recommendations regarding the purchase or sale of securities by the Trust; or
- (2) Any natural person who controls the Trust or its investment adviser or investment sub-adviser and who obtains information concerning recommendations made to the Trust regarding the purchase or sale of securities by the Trust.

(O) **Limited Offering** means an offering or a private placement of securities that is exempt from registration under the 1933 Act pursuant to Section 4(2) or Section 4(6) or pursuant to Rule 504, Rule 505, or Rule 506 under the 1933 Act.

(P) **Security Held or to be Acquired by the Trust** means:

- (1) Any Covered Security that within the most recent 15 days is or has been held by the Trust or is being considered by the Trust or its Service Provider for purchase by the Trust; or
- (2) Any option to purchase or sell, and any security convertible into or exchangeable for, a Covered Security described in subparagraph (1) of this definition.

(Q) **Trust** means AQR Funds.

AQR Capital Management, LLC and CNH Partners, LLC

CODE OF ETHICS**1. General Standards***A. Preamble*

AQR has adopted the following Code of Ethics (the "Code") to achieve the highest level of ethical standards and compliance with federal securities laws (Please see the Glossary Section for defined terms). AQR's Code is comprised of the General Standards, the Personal Trading Policy, and the Policy to Prevent the Misuse of Non-Public Information. The Code is designed to reasonably prevent any Covered Person;

from employing a device, scheme or artifice to defraud any person;

from making to any person any untrue statement of a material fact or omit to state to a fund or any client a material fact necessary in order to make the statements made, in light of the circumstances in which they are made, not misleading;

from engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person;

from engaging in a manipulative practice with respect to a any client; in connection with purchase or sale of a security held or to be acquired by any person; and

from violating federal and state securities laws.

As a fiduciary, AQR owes its clients more than honesty and good faith alone. AQR has an affirmative duty to act in the best interests of its clients and to make full and fair disclosure of all material facts, particularly where AQR's interests may conflict with those of its clients.

Pursuant to this duty, AQR must at all times act in its clients' best interests, and AQR's conduct will be measured against a higher standard of conduct than that used for mere commercial transactions. Among the specific obligations that the SEC has indicated flow from an adviser's fiduciary duty are:

a duty to have a reasonable, independent basis for its investment advice;

a duty to obtain best execution for clients' securities transactions where the adviser is in a position to direct brokerage transactions;

a duty to ensure that its investment advice is suitable to the client' s objectives, needs and circumstances;

a duty to refrain from effecting personal securities transactions inconsistent with client interests; and

a duty to be loyal to clients.

Each employee owes the same fiduciary responsibilities to AQR' s clients as set forth above.

B. Antifraud Provision

It is unlawful for any AQR employee to directly or indirectly:

employ any device, scheme, or artifice to defraud any client or prospective client;

to engage in any transaction, practice, or course of business that operates as a fraud or deceit upon any client or prospective client;

act as a principal for its own account, knowingly to sell any security to or purchase any security from a client, or acting as broker for a person other than such client, knowingly to effect any sale or purchase of any security for the account of any such client, without disclosing to such client in writing before the completion of such transaction the capacity in which he is acting and obtaining consent of the client and CCO to such transaction; or

to engage in any act, practice, or course of business that is fraudulent, deceptive, or manipulative.

C. Conflicts of Interest

Potential conflicts of interest may exist between AQR and its advisory clients. To the extent an activity causes a potential conflict, AQR will disclose the nature of the activity giving rise to the conflict. Prior to engaging in any potentially conflicting business activity AQR employees must obtain approval from the CCO.

Sections 206(1) and 206(2) of the Investment Advisers Act of 1940, as amended ("Advisers Act") address conflicts of interest that may arise in an investment advisory relationship, even though the conflicts may not specifically involve prohibited activities. Potential conflicts of interest and the higher standard of disclosure to which they are subject, include but are not limited to:

when an adviser receives compensation, directly or indirectly, from a source other than the client for recommending a security,

the adviser must disclose the nature and extent of the compensation (e.g., when an adviser receives products and services from a consultant, directly or through an affiliate or subsidiary as a package of “bundled” services);

when an adviser or an affiliate of the adviser has an interest (e.g., selling commissions, etc.) in an investment being recommended, the extent of the adviser’s interest must be disclosed;

when an adviser or an affiliate will be buying or selling the same securities as a client, the client should be informed of this fact and also whether the adviser (or the affiliate) is or may be taking a position inconsistent with the client’s position; and

when an adviser or related party compensates a third party for referring a client, the material terms of the arrangement must be disclosed to, and acknowledged, by the client.

Reporting Personal Conflicts of Interest

AQR employees are required to report any conflict of interest or perceived conflict of interest mentioned above. In addition, AQR employees must report personal conflicts or perceived personal conflicts that may exist between them and AQR or AQR’s clients. Potential areas of personal conflicts include but are not limited to:

Outside business activities (see the Policy for Outside Activities Section of this Compliance Manual)

Giving and accepting gifts in relation to AQR’s business (see the Giving and Accepting Gifts Section of this Compliance Manual)

Political contributions in relation to AQR’s business (see the Political Contributions Section of this Compliance Manual)

Personal securities transactions (see Item 2 of this Section of the Compliance Manual)

A family member that controls or is employed by a broker/dealer, bank, investment advisor, pension plan, or AQR client.

A loan to an AQR client (or their employees) or service provider (or their employees).

D. *Enforcement of Fiduciary Duty*

AQR has adopted the procedures set forth in this Code to ensure that AQR and its employees fulfill its fiduciary obligations to its clients. Every employee is responsible for understanding and complying with the rules and procedures set forth in this Code and the Compliance Manual.

E. Compliance Manual Adherence

FAILURE TO COMPLY WITH THE RULES AND REQUIREMENTS SET FORTH IN THE COMPLIANCE MANUAL OR OTHER POLICIES AND PROCEDURES, CONSTITUTES A BREACH OF AN EMPLOYEE' S OBLIGATION TO CONDUCT HIM/HERSELF IN ACCORDANCE WITH AQR' S CODE, AND IN CERTAIN CASES MAY RESULT IN A VIOLATION OF LAW. APPROPRIATE REMEDIAL ACTION BY AQR MAY INCLUDE CENSURE, RESTRICTION ON ACTIVITIES, OR SUSPENSION OR TERMINATION OF EMPLOYMENT.

EMPLOYEES ARE ALSO REQUIRED TO PROMPTLY REPORT ALL VIOLATIONS OF THE COMPLIANCE MANUAL AND THE CODE TO THE CCO.

F. Sanctions

Violations of these policies may result in penalties ranging from cancellation of an offending trade (with any resulting loss charged to you and any profits forfeited to charity) to a letter of censure, suspension from employment or termination of employment with AQR. In addition, AQR may, in its sole and absolute discretion, suspend or revoke personal trading privileges.

An incidental failure to comply with the Code is not necessarily a violation of law or AQR' s principles of business conduct. Isolated or inadvertent violations of the Code not resulting in a violation of the law will be referred to the General Counsel and CCO. They will determine the disciplinary action commensurate with the violation, if warranted, that will be imposed.

Violations involving Prohibited Transactions, as defined in Section 2-E below may require the sale of any open positions and disgorgement of any profits realized from the prohibited transaction(s). A pattern of violations that individually do not violate the law but which taken together demonstrate a lack of respect for the Code, may result in disciplinary action, including termination of employment. A violation of the Code resulting in a violation of the law will lead to disciplinary action that may include termination of employment or referral of the matter to the appropriate regulatory agency for civil or criminal investigation.

2. Personal Trading Policies

A. Holdings and Transactions Covered By the Personal Trading Policy

(1) Investment Holdings and Transactions Controlled By Covered Persons

This policy will apply to all transactions and holdings of Covered Securities that are Beneficially Owned by a Covered Person.

Notwithstanding the above, proprietary accounts and accounts that are managed with complete and sole discretionary authority by an independent third-party (including accounts at AQR that are managed by someone other than the Covered Person) are exempt from the Code's Pre-Clearance requirement (*Except for Item F(1) below*) and the Prohibited Transaction rules (*Except for Items E(5), E(6) and E(7) below*); (a) if a copy of the account management agreement or other governing document is given to the CCO and (b) unless the CCO disapproves the account management agreement.

If you intend to acquire a Covered Security, derivative (e.g. swap) or other financial instrument that is not identified in Item 2-F(3) of this policy (Pre-Clearance of Transactions) and does not have an exemption noted in Item 2-B(5) of this policy, prior to effecting any transaction in such instrument you must obtain approval from the Compliance Department.

Questions regarding beneficial ownership should be directed to the CCO.

(2) Investment Control by Members of Household

The policy will cover holdings and transactions in Covered Securities Beneficially Owned by Members of Household.

Agreements of non-disclosure cannot be used for: joint accounts; accounts in which a minor is the beneficial owner; and where investment control is shared with a Covered Person.

B. Reporting Requirements

(1) Initial Disclosure of Holdings and Brokerage Accounts

Every Covered Person must disclose all of his/her personal accounts and securities holdings within ten (10) days of the time he or she is hired. Holdings must be current as of a date not more than 45 days prior to the date the individual becomes a Covered Person. This includes Private Investments (e.g. Limited Offering or Private Placement) and all Covered Securities not held at a broker/dealer.

Covered Persons are generally permitted to maintain personal accounts with the Approved Brokers (Appendix 1) of his/her choice.

In addition, each new employee is required to sign a Code of Ethics Certification (Appendix 2 or intranet based equivalent) indicating that he/she has read, understands and will adhere to this policy and submit it with the Initial Personal Securities Holdings Report (Appendix 3).

(2) Opening a New Account

Prior to the commencement of trading, all employees must promptly report the opening of any new Covered Account to the Compliance department. Covered Persons must use Approved Brokers.

However, brokerage accounts that were in place prior to March 9, 2006, and accounts controlled by a former employer that restrict purchases will be exempt from the Approved Broker policy

(3) Duplicate Trade Confirmations and Statements

Every Covered Person and Members of Household of such Covered Person must arrange for duplicate copies of all trade confirmations and monthly statements for his/her Covered Accounts to be sent to the Compliance Department. The monthly brokerage statements must be received by the Compliance Department within 10 days of the end of the month and must disclose the following information with respect to each transaction:

The title, quantity and principle amount of the security involved;

The date and nature of the transactions (i.e., purchase, sale or other acquisition or disposition);

The price at which the transaction was effected; and

The name of the broker, dealer or bank with or through whom the transaction was effected.

(4) Quarterly Transaction Reports

For each securities transaction (e.g., transactions involving Limited Offerings such as private placements, hedge funds and limited partnerships) that does not appear on a trade confirmation or brokerage statement, the Covered Person must provide the Compliance Department the same information enumerated above within ten (10) days of the end of the calendar quarter during which the transaction occurred (See Appendix 4: Quarterly Transaction Report or intranet based equivalent).

(5) Reporting Exemptions

Covered Persons need not report:

- a. Securities transactions and holdings involving direct obligations of the United States Government;
- b. Transactions and holdings in money market securities including bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements;
- c. Shares issued by *unaffiliated* SEC registered open-end investment companies (mutual funds, including money market funds and variable insurance products);
- d. Securities transactions over which neither AQR or any related employee has any direct or indirect beneficial ownership;
- e. Units of a unit investment trust if the unit investment trust is invested exclusively in unaffiliated mutual funds.

Covered Persons should consult the CCO if there are any questions about whether one of the exemptions listed above applies to a given Covered Security transaction.

(6) Annual Certification

On an annual basis each Covered Person is required to report and certify to the holdings in all Covered Securities and certify to all transactions in Covered Securities. This is accomplished by utilizing an online solution. However, AQR does have the Annual Personal Holdings Report if needed (Appendix 5 or intranet based equivalent).

C. *Restricted Securities*

Certain transactions in which AQR engages may require - for either business or legal reasons—that accounts of any client or personal accounts of employees do not trade in the subject securities for specified time periods. A security will be designated as “restricted” if AQR is involved in a transaction that places limits on the aggregate position held by the accounts in that security. No employee may engage in any trading activity with respect to a security while it is designated as restricted without the consent of the CCO. The CCO will determine which securities are restricted.

Restrictions with regard to designated securities are also considered to extend to options, rights or warrants relating to those securities and any securities convertible into those securities.

D. *Prohibition of Front-Running*

Employees are not permitted to purchase or sell any security of an issuer if he/she knows that a portfolio managed by AQR has a pending material order to buy or sell the same issuer. This policy is designed to prevent personal gain based upon the investment activities or recommended investment activities of any client account.

E. *Prohibited Transactions*

No Covered Person shall:

- (1) engage in any act, practice or course of conduct, which would violate the provisions of this Code.
- (2) purchase or sell Securities, while possessing material nonpublic information regarding any issuer of the Securities, until the information becomes public or is no longer considered material. Please refer to Policy to Prevent the Misuse of Non-Public Information.
- (3) execute a transaction in a Covered Account if an order for a portfolio managed by AQR or AQR’s proprietary account has a pending order for the same issuer and is greater than 1% of an issuer’s three-month average daily dollar volume.
- (4) engage in short sales. If a Covered Person commences employment or has an outstanding position in a short sale prior to the imposition of this policy, such position may wind down within a reasonable time not to exceed 120 days. The CCO must be notified prior to the wind down.

- (5) purchase and sell, or sell and purchase, the same or *equivalent* (i.e. another derivation of the same issuer's equity) stock within 30 calendar days. Exceptions may be granted by CCO under certain circumstances (i.e. extreme financial need). This policy does not include the stock in unaffiliated closed-end funds, unit trusts (this exclusion does not apply to issuer specific UITs or funds), exchange traded index funds or those securities that have a Reporting Exemption (*Item 2-B(5) above*).
- (6) engage in any trading of equity options or securities futures. Securities futures shall mean futures on individual stocks or on a Narrow-Based Security Index.
- (7) acquire any Securities in an initial public offering, or secondary offering.
- (8) trade in a security listed on AQR's restricted list, without the consent of the CCO.

F. Pre-Clearance of Transactions

- (1) Each employee is required to obtain permission from the CCO prior to effecting any transaction in Securities of a Limited Offering (i.e. Private Placement, hedge funds, investment clubs, etc).

See Appendix 6. Limited Offering and Private Placement Approval Form.

When considering requests for participation in Limited Offerings, the CCO will take into account the specific facts and circumstances of the request prior to reaching a decision. These factors include, among other things, whether the opportunity is being offered to an individual by virtue of his or her position with AQR, or his or her relationship to an AQR client. The CCO will also consider whether the client account is authorized to invest in Securities of the issuer. At his/her discretion, the CCO may request any and all information and/or documentation necessary to satisfy him/herself that no actual or potential conflict, or appearance of a conflict, exists between the proposed Limited Offering and the interest of any AQR client account.

- (2) Prior to arranging a personal loan with a financial institution that will be collateralized by securities; an employee must obtain the approval of the CCO. If the loan is approved, the employee must supply the CCO with a memorandum containing the name of the financial institution, identifying the security used as collateral, and describing the purpose of the loan.

(3) Each employee is required to obtain permission from the Compliance Department prior to effecting any transaction in:

Stock

Closed-End Funds

Exchange Traded Funds

Unit Trusts and Real Estate Investment Trusts (please see Item 2-B(5)e above for exception)

Affiliated Mutual Funds (Please see Appendix 7)

Convertible Bonds

Corporate Bonds

Futures (please see Item B-5(f) above for prohibitions)

Commodities

Transactions must not be executed until the Compliance Department has given approval in writing. Pre-Clearance requests must be submitted by 10:30 AM on any given trading day. All requests following the 10:30 AM cutoff will be denied. In addition, pre-clearance approval is effective only on the date of approval. For Pre-Clearance approval after that date, a new Pre-Clearance request must be submitted.

Please see Appendix 8 for a helpful Quick Reference. The Quick Reference in no way modifies this policy: it is merely for reference.

Pre-Clearance for any item set forth in (3) above can be processed through an intranet based system. The date of approval is indicated on the approval e-mail sent by the Compliance Department.

In determining whether pre-clearance for any transaction should be granted, the CCO or designee will review the transaction for compliance with these rules and procedures, as well as for any other indications of any conflict of interest or violation of law or policy. The CCO or designee may at any time disapprove any personal securities request if they perceive a conflict of interest may arise.

If clearance is granted, there may be a possibility that the trade will be subsequently deemed impermissible. Facts and circumstances that may occur, post clearance, may compel the CCO to require a reversal of the trade and disgorgement of any resulting gains to a charity designated by the Covered Person.

If the CCO determines that a particular Covered Person does not have access to or has only limited access to client transactions, this rule may not apply fully.

3. Policy to Prevent the Misuse of Non-Public Information

A. Insider Information

Investment advisers often may have access to material information that has not been publicly disseminated. Federal and state securities laws prohibit any purchase or sale of securities on the basis of material non-public information, or where it was obtained under circumstances contemplating that it would not be used for personal gain, and in certain other circumstances. In addition, “tipping” of others about such information is prohibited. The persons covered by these restrictions are not only “insiders” of publicly traded companies, but also any other person who, under certain circumstances, learns of material non-public information about a company, such as attorneys, accountants, consultants or bank lending officers.

Violation of these restrictions has severe consequences for both AQR and its employees. Trading on inside information or communicating inside information to others is punishable by imprisonment of up to ten years and a criminal fine of up to \$1,000,000. In addition, employers may be subjected to liability for insider trading or tipping by employees. Broker-dealers and investment advisers may be held liable for failing to take measures to deter securities laws violations where such failure is found to have substantially contributed to or permitted a violation.

Section 204A under the Advisers Act requires all SEC registered investment advisers to establish, maintain and enforce written policies and procedures to prevent the misuse of material, nonpublic information.

- (1) No employee shall engage in any transaction involving the purchase or sale of securities during any period commencing with the date on which any material information concerning a company with whom the firm does business is known to the employee, but has not been disclosed to the public, and ending on the close of business on the second day following the day of the public disclosure of such information [the General Counsel or the CCO may change this time period or the purchase or sale prohibition based on the facts and circumstances].
- (2) Employees having access to internal financial statements of entities doing business with the firm should scrutinize with particular care any transactions involving the purchase or sale of securities of such entities during the latter part of any fiscal quarter and ending with the close of business on the second day following the day of the public disclosure of the quarterly or annual financial results.

- (3) Employment at AQR may from time to time expose employees to material non-public information regarding companies in which accounts managed by AQR (“Client Accounts”) hold an investment. Such information is to be considered as strictly confidential by all employees, and employees shall take all appropriate steps to preserve the confidentiality of such information. For example, employees should restrict access to files or computer records containing confidential information, should never leave confidential documents in unattended rooms and should never copy confidential documents for their personal use.
- (4) All Client and AQR proprietary information (this includes trade information) can only be revealed to other personnel (this includes AQR employees) on a **need to know basis**.
- (5) Employees are strictly prohibited from trading on behalf of their personal accounts or any Client Account on the basis of any inside information. All employees are strictly prohibited from trading for their personal accounts on the basis of information obtained as the result of their employment with AQR.
- (6) Employee may have to forego a proposed transaction in securities even though he/she planned to make the transaction before he/she learned of the undisclosed material information, and even though he/she may suffer an economic loss or forego anticipated profit by waiting.
- (7) Unless there is a strict need to know, no employee shall disclose material non-public information to any person, including, but not limited to, the immediate families of employees.
- (8) In every case where you, as an employee of the firm, know of non-publicly available information that you think could possibly affect an investor’s investment decision regarding securities or affect the market price of securities if it were publicly available, you must consult with the CCO before buying or selling any securities.

B. Forms of Material Information

Information is considered “material” if it is information that a reasonable investor would consider important in deciding whether to purchase or sell a security. The information may or may not change an actual investment decision. It is material information if it is something that would have actual significance in the deliberations of the reasonable investor.

Material information may include information about:

A company' s earnings estimates;

The gain or loss of a significant customer or client;

Dividend changes or the declaration of a stock split;

The borrowing of significant funds;

A new offering of securities;

A major labor dispute;

A new joint venture;

An agreement or proposal for an acquisition or merger;

A significant sale of assets or the disposition of a subsidiary;

Major litigation;

Liquidity problems;

Management changes;

Any other significant company developments.

Information about investment decisions by AQR may also be material inside information. Trading ahead of transactions for AQR' s clients may constitute insider trading as well as "front running". (See Section 2-D of the Code of Ethics)

C. *Non-Public Information*

Information is considered non-public until it has been fully disclosed and disseminated to the public. Information in a major publication, on a major wire service or contained in an SEC filing would be considered public. Under current SEC guidance, however, information contained on a company web site is not necessarily public at the moment it appears.

According to the SEC, depending upon the nature of the publication, it may be necessary to allow two or three business days for information to be considered fully disseminated to the public.

Inside information is generally not deemed to have become public until such information has been publicized through a press release or other official announcement sufficient to provide the investing public a reasonable opportunity to evaluate the information. Employees should assume that all information obtained in the course of their employment is not public unless the information has been disclosed by means of a press release, wire service, newspaper, telecommunications network, proxy statement or prospectus or in a public filing made with a regulatory agency, or is otherwise available from public disclosure services. The issue of what constitutes a “reasonable opportunity to value the information” is a question of fact and circumstances that will need to be determined on a case-by-case

basis. The CCO in consultation with legal counsel will make any such determination. No inside information in the possession of any employee of AQR will be deemed to have become public prior to the CCO's determination.

D. Reporting Obligations

In order to effectively maintain adherence to these policies you must always do the following:

Immediately after an employee becomes aware of material non-public information, under any circumstances, he/she must inform the CCO in order for that security or company to be added to AQR's Watch list/Restricted List

The CCO must be informed of any investment related discussion with an issuer as soon as practically possible.

If you receive information from an issuer in the ordinary course of business and have any concern that the issuer may not have publicly disclosed the information, please contact the CCO immediately.

A Watch List is a set of procedures by which the CCO monitors trading in specific securities for the purpose of detecting any improper activity. The purpose of a Watch List is to allow this monitoring without alerting the entire firm and without having to impose a general trading restriction.

A Restricted List is a set of procedures by which the CCO or the General Counsel restricts trading in certain securities in order to prevent improper activity. The Compliance Department administers the Restricted List procedures and investigates any indications of violations. Unless otherwise expressly indicated, the restrictions imposed by the Restricted List apply to trading in employees' personal accounts, proprietary accounts, sponsored funds and client portfolios. (See Section 2-C of the Code of Ethics)

E. Trading Affiliated Managers Group Securities

Because of AQR's relationship with Affiliated Managers Group, Inc. ("AMG"), AQR has adopted special trading procedures for AMG securities. AQR's investment management team is prohibited from purchasing or selling AMG securities for AQR sponsored funds, proprietary accounts and client accounts unless specifically approved by the CCO.

AQR Covered Persons are prohibited from trading AMG securities in their Covered Accounts three business days after AMG issues a press release regarding quarterly or annual earnings (an “Earnings Release”) (with the date of the Earnings Release being counted as the first business day) and within 14 calendar days prior to the final day of the quarter in which such Earnings Release will be made public.

Covered Persons are required to pre-clear (*as described in Section 2-F(3) of the Code*) all transactions in AMG securities (i.e. fixed income and equity).

F. Annual Certification

On an annual basis, each employee (not including Members of Household) is required to sign a Code of Ethics Certification (Appendix 2 or intranet based equivalent) indicating that he/she has read, understands and will adhere to this policy. If an employee commences employment less than 90 days prior to the year-end and the Code is not amended in the same period, an annual certification will not be required.

APPENDIX 1

AOR' S APPROVED BROKERS

TD Ameritrade, Inc.

Merrill Lynch

E*Trade

Charles Schwab

Fidelity Investments

UBS Warburg

Interactive Brokers

Updated: 07/23/2008

AQR' S CODE OF ETHICS CERTIFICATION

I certify that I have read AQR' s Code of Ethics and the Policy to Prevent the Misuse of Non-Public Information therein and understand such policies and procedures, and agree to abide in all respects to their terms. I also understand that a violation of any firm policy may subject me to disciplinary action, including termination of employment.

Date: _____

(Print name)

(Signature)

Appendix 3

INITIAL PERSONAL SECURITIES HOLDINGS REPORT

In accordance with AQR' s Code of Ethics, please provide a list of all accounts that have Covered Securities in which you or a Member of Household have Beneficial Interest. This includes not only securities held by brokers and futures commission merchants (FCMs), but also securities held at home, in safe deposit boxes, or by an issuer.

Name On Account

Name of Broker

Account Number

Brokers Phone #

For each account, listed above, attach the most recent account statement listing securities in that account. If you own securities that are not listed in an attached account statement, list them below. (For each Private Placement please complete the Limited Offering and Private Placement Approval form):

Name of Security Custodian

Quantity

Value

Principal Amount

1.

2.

3.

4.

(Attach separate sheet if necessary)

I certify that this form and the attached statements (if any) constitute all of the Securities in my Covered Accounts and related accounts.

Employee Signature

Print Name

Date: _____

Appendix 4

QUARTERLY TRANSACTION REPORT

Note: This form must be completed and submitted by each employee to the CCO within 10 days after the end of each calendar quarter.

For the calendar quarter ended _____.

The following Covered Security Transactions defined by the Code occurred but were not reported by duplicate confirmations or statements submitted to the CCO.

<u>Trade Date</u>	<u>Buy/ Sell</u>	<u>Quantity</u>	<u>Issuer</u>	<u>Price</u>	<u>Principal Amount</u>	<u>Broker/ Dealer</u>
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Name (printed) _____

Signature _____

Date _____

Appendix 5

ANNUAL PERSONAL HOLDINGS REPORT

(Note: This form must be completed and submitted by each employee to the CCO
By January 30th of each year.)

The broker/dealer and bank statements that I have directed to be sent to the CCO list accurately, as of a date no earlier than December 31st of the previous year, each Covered Security holding in which I had a direct or indirect Beneficial Ownership or which is otherwise reportable under the Code, except for the additions/changes noted below:

<u>Security</u>	<u>Amount</u>	<u>Broker/ Dealer, Bank or Self Custody</u>	<u>Is this a change to a statement or an additional holding?</u>
-----------------	---------------	---	--

Holdings as of _____, 20__

Name (printed) _____

Signature _____

Date _____

LIMITED OFFERING AND PRIVATE PLACEMENT APPROVAL

Personal Information:

Name: _____ Group: _____

Investment Information:

Date of initial investment: _____

Amount of investment: _____ Percentage owned: _____

Issuer (Company) Name: _____

Type of investment: _____

Is there any relationship between the Company and AQR _____

Will you provide a service to this firm, other than a passive investment? _____

Name of Senior Officers of Company: _____

How did you learn of the opportunity? _____

Please attach supporting documents (e.g. offering circular, PPM, subscription agreement..)

Certification

To the best of my knowledge,

- a) all of the information listed above accurate;
- b) this transaction is not potentially harmful to any client portfolios, managed by AQR;
- c) none of the client portfolios managed by AQR has a pending order in the security listed above; and
- d) the requested transaction will not result in a misuse of inside information or in any conflict of interest or impropriety with regard to any accounts managed by AQR.

I will notify AQR if and when I learn of the company going public or of any expected public offering by the company.

Signature _____

DEPARTMENTAL USE

Date Received: _____

Date Approved/Disapproved: _____

Approved By: _____

AFFILIATED MUTUAL FUNDS

US

Russell Investment Company - International Securities Fund
Russell Investment Company - International Fund
Russell Investment Funds - Non-U.S. Fund
MGI Funds - US Small/Mid Cap Value Equity Fund

Australia

AQR Global Long-Short Equity Fund
AQR R.C. Equity Australia Fund
BT Institutional Core Global Share Sector Trust
BT Institutional International Share Interfund
BT International Fund
BT Wholesale Core Hedged Global Share Fund
Commonwealth Global Shares Fund 8
QIT Investment Trust No. 1

Europe

Etoile Multi Gestion - The Pan European Equity Fund
Russell Multi-Manager Funds plc - The Pan European Equity Fund
Russell Investment Company II plc - The Pan European Equity Fund
Russell Investment Company plc - The Continental European Equity Fund
RBS Global Small Cap Equity Programme
RBS Global Small Cap Equity Fund

Updated: 6/30/2007

Appendix 8

QUICK REFERENCE

<u>Type of Transaction</u>	<u>Confirmation & Statements or Quarterly Reporting</u>	<u>Pre-clearance</u>	<u>Annual Holdings Report</u>
Limited Offerings	Yes	Yes	Yes
Stock	Yes	Yes	Yes
Exchange Traded Funds, Closed-end Funds, REITs and Unit Trusts	Yes	Yes	Yes
Affiliated Mutual Funds	Yes	Yes	Yes
Corporate Bonds and Coverable Bonds	Yes	Yes	Yes
Index Futures	Yes	Yes	Yes
Commodity Futures	Yes	Yes	Yes
Municipal Bonds	Yes	No	Yes
Money Market securities: including bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments	No	No	No
Unaffiliated Open-end Mutual Funds	No	No	No
U.S. Government Bonds	No	No	No

Options - Prohibited

IPOs - Prohibited

Limit Orders - Only valid on the day they are approved

Security Futures - Prohibited Futures on individual stocks or on a Narrow-Based Securities Index

Short-Sales - Prohibited

Short Term Stock Trading Within 30 Days -Prohibited

If clearance is granted, there may be a possibility that the trade will be subsequently deemed impermissible. Post clearance facts and circumstances may compel the CCO to require reversal of the trade and disgorgement of any resulting gains to a charity designated by the Covered Person. This may occur because of a post clearance client or proprietary order or an intra-day restricted list posting

Transactions must not be executed until the Compliance Department has given approval in writing. Pre-Clearance requests must be submitted by 10:30 AM on any given trading day. All requests following the 10:30 AM cutoff will be denied. In addition, pre-clearance approval is effective only on the date of approval.

ALPS DISTRIBUTORS, INC.
(the “Company” or “Underwriter”)

CODE OF ETHICS

I. Purpose of the Code of Ethics

This code is based on the principle that, you as an access person of the Company, will conduct your personal investment activities in accordance with:

the duty at all times to place the interests of each Investment Company’ s shareholders first;

the requirement that all personal securities transactions be conducted consistent with this Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual’ s position of trust and responsibility; and

the fundamental standard that Company personnel should not take inappropriate advantage of their positions.

In view of the foregoing, the Company has adopted this Code of Ethics (the “Code”) to specify a code of conduct for certain types of personal securities transactions which may involve conflicts of interest or an appearance of impropriety and to establish reporting requirements and enforcement procedures.

II. Legal Requirement

Pursuant to Rule 17j-1(b) of the Investment Company Act of 1940 (the “Act”), it is unlawful for the Company, or any Affiliated Person to:

employ any device, scheme or artifice to defraud the Investment Company;

make any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading to the Investment Company;

engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the Investment Company;
or

engage in any manipulative practice with respect to any investment portfolios in the Trust of the Investment Company,

in connection with the purchase or sale (directly or indirectly) the Company, or Affiliated Person, of a security “held or to be acquired” by an Investment Company.

III. Definitions - All definitions shall have the same meaning as explained in Section 2(a) of the Act and are summarized below.

Access Person means any director, officer or general partner of the principal underwriter who, if also serving as an officer of a Fund for which ADI is also principal underwriter, makes, participates in or obtains information regarding, the purchase or sale of Covered Securities by a Fund for which the principal underwriter acts, or whose functions or duties in the ordinary course of business relate to the making of any recommendation to a Fund regarding the purchase or sale of Covered Securities.

Automatic Investment Plan means a program in which regular periodic purchases (or withdrawals) are made automatically in (or from) investment accounts in accordance with a predetermined schedule and allocation. An Automatic Investment Plan includes a dividend reinvestment plan.

Beneficial ownership shall have the same meaning as that set forth in Rule 16a-1(a)(2) of the Securities Exchange Act of 1934.

Control shall have the same meaning as that set forth in Section 2(a)(9) of the Act.

Covered Security - shall have the meaning set forth in Section 2(a)(36) of the Act except that it does not include an exempt security.

Exempt Security - shall include securities issued by the United States Government, short-term debt securities which are “government securities” within the meaning of Section 2(a)(16) of the Act, bankers’ acceptances, bank certificates of deposit or commercial paper, shares of registered open-end investment companies (other than open-end exchange traded funds), and high quality short-term debt instruments, including repurchase agreements.

Exchange Traded Fund - an open-end registered investment company that is not a unit investment trust, and that operates pursuant to an order from the SEC exempting it from certain provisions of the Investment Company Act permitting it to issue securities that trade on the secondary market. Examples of open-end exchange-traded funds include, but are not limited to: SPDRS; iShares; PowerShares; etc.

Investment Company - A company registered as such under the Investment Company Act of 1940 and for which the Underwriter is the principal underwriter.

Investment Personnel - (a) employees of the Investment Company, its investment adviser, and/or the Underwriter who participate in making investment recommendations to the Investment Company; and (b) persons in a control relationship with the Investment Company or adviser who obtain information about investment recommendations made to the Investment Company.

Security being considered for purchase or sale - when a recommendation to purchase or sell a security has been made or communicated and, with respect to the person making the recommendation, when such person seriously considers making such a recommendation.

Security held or to be acquired means: (1) any Covered Security which, within the most recent 15 days: (a) is or has been held by the Investment Company; or (b) is being or has been considered by the Investment Company or its investment advisor for purchase by the Investment Company; and (2) any option to purchase or sell, and any security convertible into or exchangeable for, a Covered Security that is held or to be acquired by the Investment Company.

Underwriter - means ALPS Distributors, Inc.

IV. *Policies of the Company Regarding Personal Securities Transactions*

General

No Access Person of the Company shall engage in any act, practice or course of business that would violate the provisions of Rule 17j-1 as set forth above, or in connection with any personal investment activity, engage in conduct inconsistent with this Code.

Specific Policies

No Access Person shall purchase or sell, directly or indirectly, any security in which he/she has, or by reason of such transaction acquires, any direct or indirect beneficial ownership and which he/she knows or should have known at the time of such purchase or sale:

is being considered for purchase or sale by an Investment Company; or

is being purchased or sold by an Investment Company.

Pre-approval of Investments in IPOs and Limited Offerings

Investment Personnel must obtain approval from the Investment Company or the Investment Company's investment adviser before directly or indirectly acquiring beneficial ownership in any securities in an initial public offering or in a private placement or other limited offering.

V. *Reporting Procedures*

The Compliance Officer of the Company shall notify each person (annually in January of each year), considered to be an Access Person of the Company that he/she is subject to the reporting requirements detailed in Sections (a), (b) and (c) below and shall deliver a copy of this Code to such Access Person.

In order to provide the Company with information to enable it to determine with reasonable assurance whether the provisions of this Code are being observed, every Access Person of the Company must report to the Company the following:

a) Initial Holdings Reports. Every Access Person must report on the Holdings Report, attached hereto, no later than 10 days after becoming an Access Person, the following information:

The title, number of shares and principal amount of each Covered Security in which the Access Person had any direct or indirect beneficial ownership when the person became an Access Person;

The name of any broker, dealer or bank with whom the Access Person maintained an account in which any securities were held for the direct or indirect benefit of the Access Person as of the date the person became an Access Person; and

The date that the report is submitted by the Access Person.

This information must be current as of a date no more than 45 days prior to the date the person becomes an access person.

b) Quarterly Transaction Reports. Every Access Person must report on the Transaction Report, attached hereto, no later than 30 days after the end of a calendar quarter, the following information with respect to any transaction during the quarter in a Covered Security in which the Access Person had any direct or indirect beneficial ownership:

The date of the transaction, the title, the interest rate and maturity date (if applicable), the number of shares, and the principal amount of each Covered Security involved;

The nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition);

The price of the Covered Security at which the transaction was effected;

The name of the broker, dealer or bank with or through whom the transaction was effected; and

The date that the report is submitted by the Access Person.

Furthermore, an Access Person need not make a quarterly transaction report under section V.b. of this Code of Ethics with respect to transactions effected pursuant to an Automatic Investment Plan.

With respect to any account established by the Access Person in which **any securities** were held during the quarter for the direct or indirect benefit of the Access Person, each Access Person must report to the Compliance Officer of the Company, no later than 30 days after the end of a calendar quarter the following information:

The name of the broker, dealer or bank with whom the Access Person established the account;

The date the account was established; and

The date that the report is submitted by the Access Person.

c) Annual Holdings Reports. Every Access Person must report on the Holdings Report, attached hereto, annually, the following information (which information must be current as of a date no more than 45 days before the report is submitted):

The title, number of shares and principal amount of each Covered Security in which the Access Person had any direct or indirect beneficial ownership;

The name of any broker, dealer or bank with whom the Access Person maintains an account in which any securities are held for the direct or indirect benefit of the Access Person; and

The date that the report is submitted by the Access Person.

VI. *Review of Reports*

The Compliance Officer of the Company shall be responsible for reviewing the reports received, maintaining a record of the names of the persons responsible for reviewing these reports, and as appropriate, comparing the reports with this Code, and reporting to the Company's senior management:

any transaction that appears to evidence a possible violation of this Code; and

apparent violations of the reporting requirements stated herein.

Senior management shall review the reports made to them hereunder and shall determine whether the policies established in Sections IV and V of this Code have been violated, and what sanctions, if any, should be imposed on the violator. Sanctions include but are not limited to a letter of censure, suspension or termination of the employment of the violator or termination of the violator's license with the Underwriter, or the unwinding of the transaction and the disgorgement of any profits.

Senior management and the board of directors of the Company shall review the operation of this Code at least annually. All material violations of this Code and any sanctions imposed with respect thereto shall periodically be reported to the board of trustees of the Investment Company with respect to the securities being considered for purchase or sale by, or held or to be acquired by, that Investment Company.

VII. *Certification*

Each Access Person will be required to certify annually that he/she has read and understood the provisions of this Code and will abide by it. Each Access Person will further certify that he/she has disclosed or reported all personal securities transactions required to be reported under the Code. A form of such certification is attached hereto.

Before the Board of Trustees of an Investment Company may approve the code of ethics, the Company must certify to the Board that it has adopted procedures reasonably necessary to prevent Access Persons from violating its Code of Ethics. Such certification shall be submitted to the Board of Trustees at least annually.

Sources:

Section 17j-1 (as amended) of the Investment Company Act of 1940 (the “Act”);

Section 16 (as amended) of the Securities Exchange Act of 1934 (the “Exchange Act”);

The “Report of the Advisory Group on Personal Investing” issued by the Investment Company Institute on May 9, 1994; and,

The Securities and Exchange Commission’s September 1994 Report on “Personal Investment Activities of Investment Company Personnel.”

dated: May, 1994

revised: December 31, 2004

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