



INVESTMENT FORWARD >>

Lyxor Asset Management Inc.

Investment Adviser Information

Form ADV Part 2A: The Brochure

This brochure provides information about the qualifications and business practices of Lyxor Asset Management Inc. If you have any questions about the contents of this brochure, please contact us at (212) 205-4100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Additional information about Lyxor Asset Management Inc. is also publicly available on the SEC's website at: www.adviserinfo.sec.gov.

Lyxor Asset Management Inc. is a registered investment adviser. Registration does not imply a certain level of skill or training.

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Updated: July 14, 2011

Item 2. Material Changes

Lyxor Asset Management Inc.'s last annual update to Part 2 of Form ADV was made in March 2011. Lyxor's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to both the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is not materially different from brochures used by Lyxor Asset Management Inc. in prior years.

Effective May 31, 2011, the following changes in executive offices were made:

1. Mr. Carl M. Eifler has duly resigned from his role as Chief Operating Officer of Lyxor US.
2. Mr. Lior Segev has duly resigned from his role as Chief Compliance Officer of Lyxor US and has been appointed as Chief Administrative Officer of Lyxor US.
3. Mr. Gary Beckham has been appointed as Chief Compliance Officer of Lyxor US.

Effective July 14, 2011, certain changes were made to our Conflicts of Interest section beginning on page 11.

Item 3. Table of Contents

1. Cover Page	1
2. Material Changes	2
3. Table of Contents	2
4. Advisory Business	3
5. Fees and Compensation	6
6. Performance-Based Fees and Side-By-Side Management	8
7. Types of Clients	8
8. Methods of Analysis, Investment Strategies and Risk of Loss	8
9. Disciplinary Information	10
10. Other Financial Industry Activities and Affiliations	10
11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	17
12. Brokerage Practices	18
13. Review of Accounts	20
14. Client Referrals and Other Compensation	21
15. Custody	21
16. Investment Discretion	21
17. Voting Client Securities	22
18. Financial Information	23
Additional Items	23

Item 4. Advisory Business

Lyxor Asset Management Inc. (hereinafter referred to as “**Lyxor US**”, “**we**”, “**us**”, or “**our**”), a Delaware Corporation, was formed on September 1, 1999 under the name SG Cowen Asset Management Inc. We changed our name to SG Asset Management in May 2002 and registered with the SEC as an investment adviser in August 2002. Effective September 2009, due to internal reorganization within the Société Générale Group, we became a wholly-owned subsidiary of Lyxor Asset Management S.A. (“**Lyxor S.A.**”), a French financial investment adviser, and changed our name to Lyxor Asset Management Inc. Lyxor S.A. is a wholly-owned subsidiary of Société Générale S.A., a publicly-owned, full-service French bank formed in 1864.

Our alternative investment advisory business is comprised of (i) portfolio management and consulting services for institutional investors; (ii) selection of other advisers; and (iii) portfolio management for private pooled investment vehicles.

Lyxor US’s Principal Owners

- *Lyxor Asset Management Holding Corporation.* Lyxor Asset Management Holding Corporation is a Delaware corporation and a holding corporation that owns 75% or more of Lyxor US. It is not a public reporting company.
- *Lyxor Asset Management S.A.* Lyxor S.A. is an entity incorporated and domiciled in a foreign country and owns 75% or more of Lyxor Asset Management Holding Corp. Lyxor S.A. is the parent company of Lyxor US.
- *Société Générale.* Société Générale is an entity incorporated and domiciled in a foreign country and owns 75% or more of Lyxor S.A.

Lyxor US’s Executive Officers and Board Members

- *Lionel Erdely.* Mr. Erdely is the Chief Executive Officer and a member of the Board of Directors of Lyxor US.
- *Lior Segev.* Mr. Segev is the Chief Administrative Officer and Chief Legal Counsel of Lyxor US. He also acts as our Corporate Secretary.
- *Gary Beckham.* Mr. Beckham is the Chief Compliance Officer of Lyxor US.
- *Edward W. Piekarski.* Mr. Piekarski is the Chief Financial Officer and Controller of Lyxor US.
- *Laurent Seyer.* Mr. Seyer is the Chief Executive Officer of Lyxor S.A. and the Chairman of the Board of Directors of Lyxor US.
- *Francois O. Barthelemy.* Mr. Barthelemy is a member of the Board of Directors of Lyxor US.

We serve as the manager, managing member or general partner for, and provide discretionary investment advisory services to, one or more Delaware private investment funds (the “**Onshore Funds**”). We also serve as sponsor to several offshore private investment funds (entities that are not domiciled in the US), and as investment adviser or sub-investment manager to several

other offshore private investment funds (the “**Offshore Funds**”) managed by our parent company, Lyxor S.A.

The Onshore Funds and the Offshore Funds are structured as either “**Fund of Funds**” or “**Funds of Managed Accounts**”, or as single strategy funds, which are funds for which we have delegated discretionary trading authority to a third-party trading adviser (the “**Trading Adviser Funds**”).

The Onshore Funds, Offshore Funds and Trading Adviser Funds are sometimes referred to herein collectively as the “**Funds**”.

Funds of Funds Investment Program

For our Funds of Funds business, we allocate capital on behalf of our clients to underlying investment managers (“**Sub-Managers**” or “**Money Managers**”), including Sub-Managers that may be affiliated with us. This includes investment vehicles managed by such Sub-Managers (“**Sub-Funds**”) as we select based on the investment objectives for a particular Fund of Funds. We may allocate assets to Sub-Funds for which we act as investment manager. We may act either on a discretionary basis or on a non-discretionary basis, and as investment adviser or sub-investment adviser to several Offshore Funds managed by our parent company, Lyxor S.A.

The Sub-Managers and Sub-Funds in which our Funds of Funds invest typically utilize one or more alternative investment strategies, including: long/short equities, emerging markets, distressed securities, market neutral, commodities and futures, event driven and global macro. The Sub-Managers and Sub-Funds we invest in implement their investment strategies through investing in securities and/or derivatives such as equity securities (exchange-listed securities, securities traded over-the-counter and foreign issuers), warrants, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, options contracts (on securities and commodities), and futures contracts (on tangibles and intangibles).

Trading Adviser Program

With respect to our Funds of Managed Accounts business, in our capacity as manager, we are responsible for the management and administration of such Funds, but have delegated all discretionary trading advisory authority (other than cash management) to a third-party trading adviser (“**Trading Adviser**”). Each Trading Adviser utilizes one or more alternative investment strategies as described above (i.e., long/short equity, commodities and futures).

Starway Investment Program

We structured our Starway investment program as a “hybrid” fund, with the characteristics of both a fund of hedge fund and private equity fund (the “**Starway Program**”). The Starway Program is comprised of Lyxor Starway Fund L.P. and Lyxor Starway Fund Ltd., collectively the (“**Starway Funds**”). The Starway Funds are closed to new investors. As manager and sponsor

of the Starway Program, we share in the fees (via fee sharing arrangements) and revenues generated by the Starway Program's Sub-Managers in exchange for investing certain amounts of committed capital into the managed accounts and/or Sub-Funds managed by the Sub-Managers. Certain Sub-Funds in the Starway Program may from time to time be offered for direct investment by investors.

Customized Portfolio Program

We also offer customized alternative investment portfolio advisory services to institutional investors ("**Customized Portfolios**"). These services are tailored to the specific needs of the institutional investor, and are offered on either a discretionary or non-discretionary basis. Discretionary management allows us to buy and sell securities, in light of the client's investment objectives, without having to obtain the client's consent for each transaction. In a discretionary relationship, we will typically allocate capital to Sub-Funds and/or the Trading Adviser Funds according to the investment objectives/guidelines we set with our client. In a non-discretionary relationship, we only provide recommendations to the client, and the client in turn selects the securities to be included in its Customized Portfolio.

The Funds and the Customized Portfolios are sometimes referred to herein collectively as "Clients."

Investment Restrictions

For Customized Portfolios, clients may impose investment restrictions and risk guidelines on the type and quantity of securities their Customized Portfolio invests in.

For comingled Funds of Funds and Funds of Managed Accounts, investors are generally not permitted to impose restrictions on the type and quantity of securities.

Assets Managed

As of December 31, 2010, Lyxor US manages \$2,094,695,414. Please also see Item 5.F in our Form ADV Part I (available at www.adviserinfo.sec.gov) for more information regarding the amount of client assets we manage on a discretionary and non-discretionary basis.

Item 5. Fees and Compensation

We are compensated for our advisory services by receiving a percentage of assets under management and performance-based fees and allocations.

Management Fees, Performance Fees, and Administrative Fees

We have not implemented a basic fee schedule that uniformly applies to all of our investment products. Instead, fees depend on the nature of the particular investment product or program to be undertaken on behalf of each client. Generally, each investor in a Fund is charged a management fee (“**Management Fee**”) calculated as a percentage of assets, which typically ranges from 0.75% to 2.0% per annum of such investor’s investment in the Fund. Management fees are generally payable in arrears at the end of each calendar month.

In addition, each investor in a Fund may be charged a performance fee or performance allocation (“**Performance Fee**”) generally calculated as a percentage of any new capital appreciation on assets, which typically ranges from 10% to 30% of the amount by which the net asset value of such investor’s investment (prior to reduction for any accrued Performance Fee) exceeds the high water mark attributable to such investment. With respect to certain Funds, the Performance Fee calculation may also be subject to a hurdle rate (e.g., 3-month LIBOR), whereby the Performance Fee is calculated as a percentage of the amount by which the net asset value of an investor’s investment exceeds both the high water mark and the hurdle rate. We assess Performance Fees in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Lower fees for comparable services may be available from other sources.

Performance Fees, if any, are generally payable (i) upon an investor’s withdrawal of its investment from a Fund with respect to the withdrawn amount, and (ii) at the end of a performance period (which varies by Fund), with respect to the performance of an investor’s investment during such performance period. For Onshore Funds, Performance Fees are calculated separately with respect to each investor in a Fund, and may be calculated either on the basis of each investor’s overall investment or separately with respect to each investment made by such investor.

Each investor in a Trading Adviser Fund may also be subject to an administrative fee (“**Administrative Fee**”) calculated as a percentage of such investor’s assets under management. Administrative Fees will generally be payable in arrears at the end of each calendar month.

The Management Fees, Performance Fees and Administrative Fees described above will be calculated based on the net asset value of the relevant Fund and will be based on unrealized as well as realized appreciation of assets.

Fees charged with respect to an investment in each respective Fund we advise will be set forth in more detail in the Fund's offering documents. We may agree to fee structures in respect of individual investors in Funds that differ from those described above on a case-by-case basis. Knowledgeable employees of Lyxor US or employees of our affiliates who are accredited investors and/or qualified purchasers and decide to invest in any Fund may be charged a reduced Management Fee and may not be subject to any Performance Fee.

Additional Fees to Sub-Managers

Investors in Funds of Funds and Customized Portfolio clients will be subject to additional fees (typically including both a Management Fee and a Performance Fee) payable to the Sub-Managers. If the Sub-Manager is affiliated with us (or the Sub-Fund is one for which we are a sub-investment manager), we will either waive or explicitly disclose the fees in order to mitigate the potential conflicts of interest associated with such investments.

Negotiation of Fees; Waivers

The fees payable by a client in respect of a Customized Portfolio may be negotiated on a case-by-case basis. Such fees may differ from the fees charged to the Funds and will typically include a Management Fee and a Performance Fee.

Management Fees, Performance Fees and Administrative Fees payable by investors in the Funds generally will not be negotiable, but under certain circumstances we may, in our discretion, waive or modify for particular investors all or a portion of the Management Fees, Performance Fees and/or Administrative Fees, provided that doing so does not adversely affect other investors.

Side Letters

From time to time, we may enter into agreements with certain investors, commonly known as "side letters". The side letter provides that an investor may acquire interests in a Fund on different business terms than other investors, provided that doing so does not adversely affect other investors.

Fees may be deducted by the administrator of each Fund on a monthly, quarterly or annual basis, as set forth in the offering documents for each specific Fund.

A client may be subject to additional fees and expenses, including custodian fees, administrator fees, legal fees, audit fees and other organization and operating fees as described in more detail in the specific offering document for each Fund. Similarly, we disclose in the offering documents for each Fund whether or not clients are subject to brokerage, trading and/or other transaction costs.

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

As stated in the “Fees and Compensation” section above, we charge Performance Fees which are fees based on a share of capital gains on or capital appreciation of the client’s assets. The fact that we are compensated based on trading profits may create an incentive for us to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the Performance Fees we receive are based primarily on realized and unrealized gains and losses. As a result, the Performance Fees we earn could be based on unrealized gains that clients may never realize. For more information, please see our response above to Item 5 “Fees and Compensation”.

Item 7. Types of Clients

We provide investment advice to clients structured as pooled investment vehicles, custodial accounts or investment vehicles dedicated to an individual institutional investor. While the Clients may solicit the participation of the persons or entities in onshore and offshore private investment vehicles, such persons or entities must be “qualified purchasers” and generally are not themselves our clients.

Requirements for Opening or Maintaining Accounts

We require a minimum investment depending on class of interests in the relevant Fund, investor type and product, as stated in the offering documents for the relevant investment product.

A typical minimum initial investment in a Lyxor-advised Fund is \$100,000 to \$250,000. The minimum initial investment in a Customized Portfolio is typically \$50 million.

The offering documents for each specific Fund contain detailed information concerning the relevant minimum initial and additional investment requirements. Subscriptions will be accepted only from persons who qualify as eligible investors within the meaning of applicable U.S. federal and state securities regulations.

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

Methods of Analysis

Our significant methods of analysis include fundamental and cyclical analysis. In addition, we evaluate prospective Sub-Managers, Sub-Funds and Trading Advisers by considering, to the extent such information is available, a variety of different factors including, without limitation: education, experience and background of key personnel, risk management techniques employed, operational capabilities, risk/reward attributes of each Sub-Manager’s strategy, portfolio composition, information obtained through personal interviews and literature, as well as political and economic factors.

Investment Strategies

In our primary investment strategy, we utilize a “Fund of Funds” or “Funds of Managed Accounts” approach, where we allocate capital among Sub-Managers and/or Sub-Funds that we select for the purpose of achieving a particular investment objective. Our investment strategies also include long-term purchases and short-term purchases.

With respect to the Starway Funds, we implemented the Fund’s investment objective by investing committed capital into Sub-Funds managed by “start-up” Sub-Managers or managed accounts managed by the Sub-Managers. We also do so by investing in more established, but still developing, Sub-Managers, which collectively implement a diversified range of investment strategies. This investment process typically involves committing to maintain such investments with the Sub-Managers for a significant period of time, barring a commitment termination event.

For Customized Portfolios, we generally use a Fund of Funds or Funds of Managed Accounts approach. This typically includes allocations to the Sub-Funds and/or the Trading Adviser Funds in accordance with the guidelines agreed upon with our institutional investor.

For Trading Adviser Funds, we delegate investment advisory responsibility to the third-party Trading Adviser who trades the assets of the Trading Adviser Funds in accordance with the trading program it has developed.

Risk of Loss

Investors should be aware that any investment in our Funds is subject to significant risks, including total loss of capital. Investors should consider the following risk factors when making their investment decisions:

- Investments in or linked to hedge funds are highly speculative and may be highly volatile;
- There are significant restrictions on transferability and withdrawals of shares/interests in our Funds;
- Some of our Funds have limited trading and operating history;
- Investors should be able to bear the financial risks and limited liquidity of these investments;
- Hedge fund investment managers may use investment strategies and financial instruments that, while affording the opportunity to generate positive returns, also provide the opportunity for increased volatility and significant risk of loss;
- Hedge funds are also typically less transparent in terms of information and pricing and have much higher fees than registered funds;
- Investors in hedge funds may not be afforded the same protections as investors in registered funds, including limitations on fees, controls over investment policies and reporting requirements;

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- There can be no assurance that a Fund, Sub-Fund, or Trading Adviser's investment objective(s) will be achieved or that investors will be able to recover their investment; and
 - Investment results may vary substantially on a monthly or annual basis.

We urge investors to carefully review the relevant "Investment Strategy", "Risk Factors" and "Conflicts of Interest" sections in the offering documents for the Fund they wish to invest into. Investors should also consult their legal and tax advisers before making an investment decision. Finally, we encourage investors to contact us with any questions they may have regarding a potential investment in our Funds.

Item 9. Disciplinary Information

Neither Lyxor US nor any of its employees has been subject to any material criminal, civil, administrative, or regulatory (i.e., Self-Regulatory Organization ("**SRO**")) disciplinary actions or proceedings. Please refer to our Form ADV Part I (available at www.adviserinfo.sec.gov) for material disciplinary events regarding our advisory affiliates and/or related persons.

Item 10. Other Financial Industry Activities and Affiliations

Certain of our employees are registered representatives of a broker-dealer. In addition, we have three employees who are registered with the NFA as associate members ("**Associated Persons**"). We are registered with the National Futures Association ("**NFA**") as a Commodity Pool Operator ("**CPO**"). However, we manage our Funds in reliance on an exemption from registration that is currently available under Rule 4.13(a)(4) of the Commodity Exchange Act rules.

We have arrangements that are material to our advisory business and/or our clients with the following related persons:

- Broker-dealer: SG Americas Securities LLC ("**SGAS**") and Newedge USA LLC. SGAS is an affiliated broker-dealer. Pursuant to a selling agency agreement between us and SGAS, SGAS may act as a broker and solicit its clients to invest in Funds we manage or advise.
- Other investment adviser: Lyxor S.A. is our parent company. It is an asset management company organized under the laws of France. Lyxor S.A. is the sponsor/manager of numerous private funds. We act as a sub-adviser to Offshore Funds advised by Lyxor S.A. We also provide certain operational due diligence, marketing and legal services to Lyxor S.A. Lyxor S.A. provides certain risk monitoring, middle office and other non-investment advisory services to us.
- Futures commission merchant ("**FCM**"): Newedge USA LLC ("**Newedge**"). Newedge is a registered broker-dealer and an FCM under common control with us. Certain Funds we advise or manage use Newedge as their FCM.
- Banking or thrift institution: Société Générale New York.

Conflicts of Interest

We are subject to significant conflicts of interest in managing and making investment decisions for our Clients. These conflicts could affect our objectivity and the performance of such products. We have adopted a Code of Ethics which includes policies and procedures designed to reduce the potential conflicts of interest. In addition, we owe fiduciary duties to each of our Clients to act for the benefit of such Client and will in all of our dealings take these fiduciary duties into account.

We and our affiliates may from time to time arrange for a Fund or another Client account to assign ("**Assignor Fund**") all or any portion of its interest in an underlying Sub-Fund to another Fund or Client account ("**Assignee Fund**"). However, instead of causing the Assignor Fund to effect a redemption from the underlying Sub-Fund and causing the Assignee Fund to invest in such underlying Sub-Fund, the transaction may be effected as an assignment from the Assignor Fund to the Assignee Fund for reasons of administrative convenience and mutual benefit to both accounts. In each such case, neither we nor any of our affiliates or related persons may profit from such transaction. Further, any such transaction will be effected at the reported net asset value for the underlying Sub-Fund, as calculated and reported by an independent administrator of such Sub-Fund. The administrator may be an affiliate of Lyxor US.

Because Lyxor US and/or controlling persons may in the aggregate own more than 25% of a Fund, certain cross trades between the Funds or between a Fund and another Client may be deemed principal transactions. These types of trades are subject to the requirements of Section 206(3) of the Advisers Act and we will disclose all material facts about such transactions and obtain the consent of the Client or Fund investors, either directly or through an independent representative, before the completion of such transactions.

Lyxor US, our affiliates and their respective partners, shareholders, directors, officers and employees may trade for their own accounts or manage other accounts, and in doing so may take positions opposite to those of the Clients or may be competing with the Clients for positions in the marketplace. Such trading may create conflicts of interest in respect of our or their obligations to the Clients. We do not allow for the inspection of these trading records by a Client. Similarly, some of the Sub-Managers may personally invest in the Sub-Funds or funds they advise. When we (or any of our affiliates) transact with Sub-Managers, we may invest on terms that are more favorable (including terms relating to fees and liquidity) and more advantageous than those on which the Clients invest with such Sub-Managers. Moreover, we have permitted, and may in the future permit, certain investors to invest in a Fund on economic terms that are preferential to those applicable to other investors in such Fund. We will permit this so long as such preferential terms are not detrimental to the other investors (e.g., lower fees charged to our employees and certain employees of affiliated entities). Other investors will not necessarily be aware of this or be able to avail themselves of these terms.

Our affiliates may also cause funds they manage, advise or sponsor to invest in our Funds and/or with the Sub-Managers. Specifically, we may cause one or more of our Fund of Funds to invest in Accounts advised, sponsored or managed by our parent company, Lyxor S.A.

To the extent that our affiliates invest with a given Sub-Manager on terms that are more advantageous than those on which the Clients invest with such Sub-Managers, Lyxor US, our related persons and their affiliates may have an incentive to maintain or increase the investment by the Clients with such Sub-Managers in order to obtain and/or maintain such advantageous terms for the benefit of our affiliates. We may, on behalf of the Clients, invest in Sub-Funds at times when investments in such Sub-Funds are deemed not appropriate for other Funds or by other Accounts (proprietary or discretionary) managed by our affiliates. If our affiliates subsequently determine that the Sub-Fund is an appropriate investment for their Accounts, but for regulatory or other reasons are precluded from investing in the Sub-Fund unless we restructure the terms on which the Clients may invest, we are nonetheless not required to restructure such terms.

In cases where we or any of our affiliates share, directly or indirectly, in fees or revenues earned by the Sub-Managers, such fee sharing agreement gives us and our affiliates an incentive to direct client assets to such investments in such Sub-Managers. Such an investment may enhance the Sub-Manager's ability to generate additional fees and revenue from capital raised with third-parties. The degree of conflict increases as we or our affiliates share in a greater percentage of the revenues earned by the Sub-Managers, as we or our affiliates may have an incentive to direct assets to Sub-Managers that share the highest percentage of assets with us or our affiliates.

The Trading Adviser Funds may obtain services from, and pay fees as expenses to, us or our affiliates for services rendered to the Trading Adviser Funds. The Trading Adviser Funds may also enter into credit agreements and derivatives contracts or other arrangements with our affiliates pursuant to which our affiliates receive compensation from the Trading Adviser Funds.

We have a fiduciary obligation to use every reasonable effort to ensure that no Client is treated unfairly in relation to any other Client in the allocation of securities or investment opportunities or in the order in which transactions are executed. We will seek to allocate orders and investment opportunities among Clients in a manner we believe to be as equitable as possible, considering each of our Client's objectives, programs, limits and capital available for investment. Such allocations will not necessarily be made on a pro-rated basis.

No assurance can be given that (i) particular investment opportunities allocated to one Client and/or proprietary or discretionary Account of our affiliates will not outperform investment opportunities allocated to another Client, or (ii) any of the Clients and proprietary or discretionary Accounts of our affiliates will receive equal treatment.

We manage a number of Client accounts and are subject to conflicts of interest in doing so. Although our officers, key employees, consultants and principals will devote as much of their time to the Clients as they agree to, they will not devote substantially all of their time to any one Client as they must devote a portion of their time to the other Clients and investments. Our officers, key employees, consultants and principals may not have or may terminate employment or consulting agreements. The loss of the services of one or more of these employment or consulting agreements may have a material adverse effect on our ability to provide certain services to the Clients. In addition, we may have a conflict of interest in rendering advice to Clients because of other accounts we manage or trade based on different advice. We also may have financial or other incentives to favor certain accounts over others. Records of our or other Client accounts will generally not be made available to Clients.

As discussed in Item 4 “Advisory Business”, certain Funds, such as the Starway Funds, have fee sharing arrangements with Sub-Managers pursuant to which the Funds (and Lyxor US) share in the fees and revenues generated by these Sub-Managers. Lyxor US or any of our affiliates may allocate proprietary and/or discretionary accounts to a given Sub-Manager, regardless of whether any Fund has a fee sharing arrangement with such Sub-Manager. Accordingly, we or our affiliates may have an incentive to allocate capital to such Sub-Managers for our benefit and for the benefit of the Funds that have a fee sharing arrangement with the Sub-Manager. In addition, these fee sharing arrangements may include the right for the Funds and/or our affiliates to invest capital with such Sub-Managers on terms that may be more favorable than those available to other investors.

The Administrator of Certain Funds

Euro-VL (Ireland) Limited (our affiliated administrator), acts as administrator for certain of the Funds, as well as the liquidating series of Lyxor Premium LLC. While we and Euro-VL are separated operationally and are independently managed, there may exist a conflict of interest between the pertinent Funds and Euro-VL. Fees borne by any Funds as a result of contracts with Euro-VL are charged at commercially reasonable rates.

The Custodian of Certain Funds

Société Générale S.A., acting through its Dublin branch, acts as the custodian (the “**Custodian**”) for certain Funds and the liquidating series of Lyxor Premium LLC. The Custodian is an affiliate of Lyxor US. While Lyxor US and the Custodian are separated operationally and independently managed, there may exist a conflict of interest between the Funds, on the one hand, and the Custodian, on the other hand. Fees borne by the Funds as a result of contracts with the Custodian are charged at commercially reasonable rates.

SG Parties

Société Générale S.A. is our ultimate parent company. In addition, Société Générale S.A. and/or its various subsidiaries and affiliates (collectively, “**SG Parties**”) includes banks, broker-

dealers, futures commission merchants such as Newedge, other asset managers such as Lyxor S.A., insurance companies and other financial institutions. The SG Parties and their employees manage other investment funds, including funds proprietary to the SG Parties that may pursue investment objectives similar to those of the Clients and/or any Sub-Fund. SG Parties may also manage discretionary accounts, in which the Funds have no interest, some of which may have investment objectives similar to the Funds, and/or any Sub-Fund. The SG Parties may loan money to the Funds, any Sub-Fund and any Funds managed by a third-party Trading Adviser in the form of margin loans, credit facilities or otherwise. Conflicts of interest among the Funds and the affiliated entities which include, but are not limited to, those described herein may exist. Our personnel may be employed by and engage in other activities on behalf of other SG Parties, including managing other funds and accounts. Other SG Parties, including Société Générale S.A. and its brokerage subsidiaries, may have dealings with the Sub-Funds and/or the Sub-Managers that may give rise to potential conflicts. For example, an SG Party may enter into transactions, as principal, with any of the Funds and/or the Sub-Funds, including derivatives transactions, or perform routine broker-dealer or futures commission merchant transactions. Other relationships may include, but are not limited to, lending transactions in which an SG Party provides financing, serves as placement agent or prime broker, or futures commission merchant, or provides general financial advisory services. When considering its relationship with any Fund, personnel of an SG Party may not owe any fiduciary duty to the Fund and may have considerations other than the best interests of the Funds. In addition, situations may arise in which an SG Party believes that, to protect its own commercial interests, it may be necessary to take action with respect to a Sub-Fund that may be detrimental to such Sub-Fund, and therefore be detrimental to the Funds as well. SG Parties will in no way be restricted from taking such action despite the Funds' relationship with such SG Parties. An SG Party may keep any profits, commissions and fees accruing to it in connection with its activities for itself and other clients, and the fees payable from the Funds to any such SG Party will not be reduced thereby.

SG Parties are authorized to execute agency and other cross transactions between the Funds and/or any Sub-Funds and other clients and may receive commissions from both parties to such transactions. Agency cross and similar transactions will be effected by SG Parties only to the extent permitted by applicable law.

The SG Parties are major participants in the global currency, equity, commodity, fixed income, derivative and other markets. As such, SG Parties are actively engaged in transactions in the same securities and other instruments in which the Sub-Funds may invest. SG Parties are not under any obligation to share any investment opportunity, idea or strategy with the traders for the Funds or any Sub-Manager. As a result, SG Parties may compete with the Funds and/or Sub-Funds for appropriate investment opportunities, or engage in trading activities for their proprietary accounts or on behalf of clients that are detrimental to the trading positions of the Funds and/or any Sub-Fund.

The proprietary activities or portfolio strategies of the SG Parties, or the activities or strategies used for accounts managed by SG Parties for themselves or other customer accounts, could

conflict with the transactions and strategies employed by Trading Advisers for the Funds and/or Sub-Managers and affect the prices and availability of the securities and instruments in which such trader and/or Sub-Manager invests on behalf of the Funds and/or the Sub-Funds. Issuers of securities held by a Sub-Fund may have issued publicly or privately-traded securities in which an SG Party is an investor or market maker.

The SG Parties' trading activities generally are carried out without reference to positions held by the Funds and/or any portfolio Fund and may have an effect on the value of the positions so held, or may result in SG Parties having interests or positions adverse to that of the Funds and/or any Sub-Fund.

The Funds and Sub-Funds may borrow from SG Parties, or engage in transactions with SG Parties in connection with which the Funds and/or any Sub-Fund pledges collateral to SG Parties. In addition, in its capacity as lender or counterparty, an SG Party may take actions, such as foreclosing on collateral, which may have a materially adverse effect on our Funds and/or a Sub-Fund. Neither the Funds nor any Sub-Fund will be entitled to, nor may they receive, any special consideration or forbearance by such SG Party in the exercise of its rights as a result of the Funds' and/or Sub-Fund's relationship with the SG Parties.

The Funds and/or any Sub-Fund may purchase investments that are issued or are the subject of an underwriting or other distribution by SG Parties. The Funds and/or any Sub-Fund may invest, directly or indirectly, in the securities of issuers affiliated with SG Parties or in which SG Parties have an equity or participation interest. The purchase, holding and sale of such investments by the Funds and/or a Sub-Fund may enhance the profitability of the SG Parties' own investments in such companies.

SG Parties may have reasons to discourage Lyxor US and/or any Sub-Manager from permitting traders for the Funds and/or any Sub-Fund from taking certain investment-related actions (for example initiating a hostile tender offer against, or acquiring the distressed debt of, an SG Party client) which would be in the best interests of the Funds and/or a Sub-Fund. Although an SG Party will have no ability to prevent such actions, Lyxor US, and possibly a Sub-Manager, may be required to defer to any such SG Party's wishes in this respect.

SG Parties may obtain information concerning us, a Sub-Manager, the Funds and/or a Sub-Fund which would encourage such SG Party to urge its clients either to redeem from or to invest additional amounts into the Funds. However, SG Parties may not be able to convey this information to its clients due to the confidential nature of such information.

We and our affiliates may in the future become involved in other business ventures including: entering into fee revenue or profit sharing agreements, managing other investment funds and accounts in addition to the existing Funds. Such other ventures will both compete with the Funds for the time and attention of our employees and affiliates and potentially create additional conflicts of interest.

Our officers or employees may from time to time serve as members of the boards of public and non-public companies.

Other present and future activities of SG Parties may give rise to additional conflicts of interest. Additional conflicts of interest may be disclosed from time to time in the offering documents for the relevant Fund or in the agreements entered into between us and Clients.

Recommendation or Selection of other Investment Advisers

From time to time, we may cause Clients to invest in investment funds (“**Accounts**”) that are managed or advised by our related persons or by Sub-Managers that may be affiliated with us or have other business relationships (such as fee sharing arrangements) with us or any of our affiliates. Accounts managed by our affiliates may also cause the funds they manage to invest in the Funds and/or with the Sub-Managers. This conflict is mitigated by our fiduciary duty to place the interests of our clients first. See additional comments on conflicts of interest in the preceding paragraphs and our response to Item 11.

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

Code of Ethics

Pursuant to Rule 204(A)-1 of the Advisers Act, we have adopted a written Code of Ethics (the “**Code**”) which includes policies and procedures designed to reduce actual and potential conflicts of interest and set up “best practices” standards to ensure that our employees place the interests and integrity of our investors above their own personal interests.

The foundation of the Code consists of the following principles:

- Employees must at all times place the interests of our clients first;
- Employees must prevent the misuse of material non-public information and make sure that all personal investments are conducted in accordance with the Code and in such a manner as to avoid any actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility;
- Employees must adhere to the principle that information concerning clients is confidential and must comply with our privacy policy;
- Employees are prohibited from disseminating information with the intent to manipulate the price of a security, the stability and/or credit worthiness of an issuer or to manipulate any financial market;
- Employees should not take inappropriate advantage of their positions. The receipt of investment opportunities, perquisites or gifts from persons seeking to do business with us could call into question the exercise of an employee’s independent judgment;
- Employees should act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients and colleagues;
- Employees should use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions and engaging in other professional activities; and
- Employees should practice and encourage others to practice in a professional and ethical manner.

As with all policies and procedures, our Code is designed to cover a variety of circumstances and conduct. However, no policy or procedure can anticipate every potential conflict of interest that can arise in connection with personal trading. Consequently, our employees are expected to abide not only by the letter of the Code, but also by the spirit of the Code. Whether or not a specific provision of the Code addresses a particular situation, employees must conduct their professional activities in accordance with the general principles contained in the Code and in a manner that is designed to avoid any actual or potential conflicts of interest.

We expect our employees to conduct our affairs on an arm’s length basis and not to engage in business or financial activities that may conflict with ours. Decisions regarding our business relationship with any other person or entity must be based solely upon valid business

considerations. No employee may permit a business decision to be influenced by personal or other unrelated interests or factors.

A copy of the Code of Ethics is furnished upon request to any Fund investor or prospective Fund investor.

Participation or Interest in Client Transactions

Please see the Conflicts of Interest section in Item 10 “Other Financial Industry Activities and Affiliations” for information about our participation or interest in client transactions.

Personal Trading

Our Code of Ethics addresses our employees’ personal trading activities. Specifically, it requires that employees report their personal securities holdings and transactions to the Compliance Department. Our employees must obtain pre-approval from the Compliance Department prior to executing any transactions in a covered security, such as equities, options, futures and certain debt instruments, as well as obtain pre-approval prior to participating in any private securities transaction (whether external or internal). Our Code of Ethics also covers the following topics: insider trading, conflicts of interest, political activities and contributions, participation in private securities transactions, privacy policy and outside business activities. Our officers and employees may from time to time serve as members of the boards of public and non-public companies. Such employees must obtain the approval of our Compliance Department prior to accepting such role.

Item 12. Brokerage Practices

For Funds of Funds, we ordinarily determine which Sub-Funds the Fund of Funds subscribes into or redeems from and the amount of such subscriptions and redemptions, but it is the Sub-Managers who determine which securities are purchased and sold. Sub-Managers also determine the amount of such purchases and sales and select the brokers they transact with. Therefore, for our Fund of Funds, the responsibility for broker-dealer selection and the commission rate to be paid is with the Sub-Managers.

For our Trading Adviser Funds, as such accounts are utilizing substantially similar trading strategies to the benchmark funds advised by the relevant Sub-Manager, it is the Sub-Manager who selects the brokers to be engaged with for the trading strategy, and hence the Trading Adviser Fund. However, we and/or our parent company Lyxor S.A. are involved in negotiating the various brokerage agreements with the relevant broker(s). In addition, as a global financial institution, we maintain a list of approved counterparties and may refuse the appointment of one or more brokers on behalf of any Trading Adviser Funds.

Newedge, an affiliated registered broker-dealer, may act as clearing broker (“**Clearing Broker**”) for Sub-Funds in any of the Fund of Funds portfolios and for any Trading Adviser Funds. There

is a conflict of interest in the selection of Newedge as Clearing Broker. While Newedge may be selected at the request of the third-party Trading Adviser, we approve such selection. The third-party Trading Adviser may, with our consent, use other futures brokers and floor brokers to execute trades on behalf of the Trading Adviser Fund. We maintain a list of approved counterparties and may refuse the appointment of one or more brokers on behalf of the Trading Adviser Fund or other Client account.

Soft Dollar Benefits

We do not receive research or other practices or services other than execution from a broker-dealer or a third-party in connection with client securities transactions (“soft dollar benefits”). However, products and services provided by broker-dealers to Sub-Managers and Trading Advisers may include, among other things “soft dollar” arrangements, research reports, economic surveys and analyses, recommendations as to specific securities and other products or services. The “soft dollar” arrangements need not conform to the “safe harbor” provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, for “bona fide” research services, as long as we believe such arrangements to be in the best interests of the Clients as investors in such funds.

The products or services acquired by the Sub-Managers or Trading Advisers may include:

Telephone lines, office furniture, computer hardware (including computer terminals and accessories), business supplies, salaries of research staff, rent, accounting fees and software, website design, email software, Internet services, legal expenses, personnel management, marketing, utilities, membership dues, professional licensing fees and software to assist with administrative functions (such as managing back-office functions, operating systems, word processing, and equipment maintenance and repair services), and expenses for travel, entertainment and meals associated with attending seminars.

We do not currently engage in or receive soft dollar benefits; however, certain Sub-Managers or Trading Advisers may direct client transactions to a particular broker-dealer in return for soft-dollar benefits.

We do not consider, in selecting or recommending broker-dealers, whether we or a related person receives client referrals from a broker-dealer or a third-party. However, we do have affiliates who are registered as broker-dealers and may do so in the future.

Brokerage for Client Referrals

We have the authority to determine, without obtaining specific client consent, the broker-dealers to be used by a specific Trading Adviser Fund. However, we do not routinely recommend, request or require that a client direct us to execute transactions through a specified broker-dealer.

We do not currently permit a client to direct brokerage but may do so in the future.

Aggregating Orders

For Trading Adviser Funds, we delegate Trading Advisory responsibilities to the Trading Adviser. Therefore, we are generally not responsible for the purchase or sale of securities for Trading Adviser Funds. The Trading Adviser may however aggregate trades among the Trading Adviser Fund it advises and its other clients.

Item 13. Review of Accounts

For Funds of Funds

Client accounts are monitored and reviewed by the personnel who handle the strategy on an ongoing basis. The activities of the Client accounts are also reviewed on a monthly basis by the pertinent Investment Committee and more often as conditions warrant. At such meetings, members of the Investment Committees review the overall market conditions, the recommendations of our investment professionals and the rationale behind them. The pertinent Investment Committee reviews and discusses each Client account structure, portfolio allocation and the performance of each of the Sub-Managers in the Client account portfolios.

All accounts are reviewed jointly by members of the Investment Committee for the relevant Fund of Funds or Funds of Managed Accounts.

The Investment Committees may, as a result of a periodic review, determine to add new Sub-Managers to Client accounts, terminate existing Sub-Managers or rebalance the assets of a client account among existing Sub-Managers.

In addition, our risk and compliance teams both in New York and Paris review investment limitations and risk guidelines on a monthly basis.

For Trading Adviser Funds

Pursuant to a services agreement with our parent company Lyxor S.A., employees of Lyxor S.A. review and monitor compliance by the Trading Adviser with the investment restrictions and risk guidelines for the Trading Adviser Funds it advises. Employees of Lyxor S.A. also review and monitor net asset value calculation by our independent administrator.

We send investors in Funds reports showing account performance on a monthly basis. The nature and frequency of reports for Customized Portfolio clients will vary.

Reports showing account performance for certain Onshore Funds (i.e., Lyxor Starway L.P. and Lyxor Premium LLC) are sent to Fund investors on a monthly basis. For certain Onshore or Offshore Trading Adviser Funds, reports showing account performance are sent to Fund

investors on a weekly basis. In addition, Fund investors generally receive audited financial statements within 180 days of the end of each fiscal year for Fund of Funds and within 120 days in the case of a Trading Adviser Fund.

Item 14. Client Referrals and Other Compensation

We do not have any oral or written arrangements where we receive any economic benefits from non-clients in connection with providing investment advice or other advisory services.

In accordance with applicable federal and state regulations, we may compensate persons for soliciting prospective investors for, or referring prospective investors to, the Funds. We entered into a selling agency agreement with our affiliate SG Americas Securities LLC (“**SGAS**”). SGAS is a member of the Financial Industry Regulatory Authority (“**FINRA**”) and is registered as a broker-dealer with the SEC. We intend to continue to enter into arrangements with persons affiliated and not affiliated whereby we compensate such persons for introducing qualified persons as potential investors in the Funds. Such compensation may take the form of payment of up to 100% of the Management Fee and/or Performance Fee received by us from the Funds attributable to investments made in the relevant Fund by qualified persons so introduced.

Item 15. Custody

Lyxor US and its related persons maintain custody of its Clients’ cash or bank accounts and securities.

The term “related persons” includes “qualified custodians”. This includes banks, broker-dealers, futures commission merchants and certain foreign financial institutions.

Investors receive account statements from the qualified custodian and should carefully review those statements. Investors also receive account statements from Lyxor US and are urged to compare the account statements they receive from the qualified custodian with those they receive from Lyxor US.

Item 16. Investment Discretion

We have the authority to determine, without obtaining specific client consent, the (i) securities to be bought or sold, (ii) amount of the securities to be bought or sold, (iii) the broker or dealer to be used, and (iv) the commission rates to be paid. Please see Item 4 “Advisory Business” for more information.

For Customized Portfolios, clients may impose investment restrictions and risk guidelines on the type and quantity of securities their Customized Portfolio invests in.

In our capacity as manager of Onshore Funds, and as investment manager for Offshore Funds, we accept the discretionary authority for such Funds’ funds and securities. In the case of Onshore Funds, we accept discretionary authority pursuant to the operating agreement (LLC

agreement or partnership agreement). For Offshore Funds, we accept discretionary authority pursuant to an investment management agreement or a sub-investment management agreement.

Item 17. Voting Client Securities

We have implemented policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 of the Advisers Act, as amended.

Rule 206(4)-6 requires us to (i) adopt policies and procedures reasonably designed to ensure that proxies with respect to securities in Client Accounts where we exercise voting discretion are voted in the best interests of our Clients, (ii) disclose how information may be obtained on how we vote proxies, and (iii) maintain records relating to our proxy voting.

- For Funds structured as Fund of Funds that do not directly hold securities, proxy voting will normally be carried out by the underlying Sub-Managers. With respect to Funds structured as Trading Adviser Funds, we have delegated the proxy voting responsibility to the Trading Advisers. For the Fund of Funds, we are asked from time to time to vote proxy solicitations sent by a Sub-Manager with respect to a corporate event or change or investment terms in the portfolio advised by such Sub-Manager.
- We will vote proxies consistent with the general guidelines that we adopted and that we believe reflect the best interests of the pertinent Fund of Funds after taking into consideration all relevant facts and circumstances at the time of the vote.

We will provide, at no cost, a copy of our proxy voting policies and procedures and applicable information regarding how we voted proxies in the past. To obtain additional information about our proxy voting policies and procedures and proxy voting records, a client should contact us in writing at: Lyxor Asset Management Inc. Attn: Compliance Department, 1251 Avenue of the Americas, 46th Floor, New York, New York 10020.

On a Customized Portfolio, a client may request to maintain control over proxy voting. Investors in comingled Funds cannot direct the way we vote for such comingled Funds.

It is not expected that material conflicts of interest will arise in the context of our proxy voting policies and procedures.

Should a material conflict arise, then we will vote the proxy in the best interests of our clients and not that of our own. Should we not be able to adequately mitigate a material conflict of interest internally, we will refrain from exercising our discretion with respect to voting the proxy and will instead refer that vote to an outside service (e.g., a shareholder's representative) for its independent consideration as to how the vote should be cast.

Fund of Funds do not directly hold securities and hence, proxy voting will be carried out by the underlying Sub-Managers. For Trading Adviser Funds, voting rights have been delegated to the Trading Adviser.

Item 18. Financial Information

Lyxor US has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

We have discretionary authority for certain Funds. Please see response to Item 16 “Investment Discretion” for more information.

We are deemed to be in custody of client’s funds and securities for Onshore Funds. Please see response to Item 15 “Custody” for more information.

Additional Items

Allocation of Investment Opportunities and Trades

We will use every reasonable effort to ensure that no Client will be treated unfairly in relation to other Clients in the selection of Sub-Managers and Sub-Funds. We do not in all cases select the same Sub-Managers for all Clients with the same investment objectives. However, we will fairly allocate Sub-Manager access among the different Sub-Funds, according to the Client’s specific investment strategy. Equitable allocation of limited Sub-Manager access shall for these purposes give due consideration to such factors as we believe distinguish different Clients (e.g., leverage parameters, volatility objectives, rate of return objectives, total capitalization, tax position and liquidity requirements).

If a Sub-Manager that we have approved for inclusion in the portfolio of more than one Client is limited in its ability to accept all Client capital that we would like to invest at a particular time, we will allocate the Sub-Manager’s limited investment capacity among the pertinent Clients in a fair manner. In making these allocation decisions, we will take into account a number of factors including the Funds’ investment objectives and constraints, the amount of the investment capacity to be allocated, the percentage of a Client’s portfolio that is currently invested with the Sub-Manager or with other Sub-Managers that engage in similar and/or comparable investment strategies, and whether an allocation to a particular Fund will have a material impact on its overall portfolio. Application of these factors may result in different allocation decisions depending on the particular facts and circumstances in existence at the time the allocations are made and may not result in a pro rata allocation of limited investment capacity among all Clients or all Clients with similar investment objectives and constraints.

We have established an investment committee that makes investment allocation decisions related to each Fund of Funds, including subscriptions in and redemptions out of the Sub-Managers as well as rebalancing the portfolio of each fund among existing Sub-Managers.

Trade Errors

It is our policy that trade errors are part of the cost of doing business and that Clients generally are not reimbursed unless we have failed to meet the standard of liability specified in the relevant investment management agreement and/or operating agreement, as applicable. The purpose of our trade error policy is to provide guidance on identifying, correcting and documenting errors when committed by us (to the extent that we have failed to meet the standard of liability and such act or breach by us has resulted in a trade error or an administrative error, as applicable) in a manner that is fair and equitable to our Clients.

We attempt to minimize trade errors by promptly reconciling confirmations with order tickets and intended orders. We also review past trade errors to assess whether a trade error was the result of a weakness in internal controls. If we determine that a weakness in internal controls caused or contributed to the error, we establish mitigating controls to rectify such control weakness.