

FIRM BROCHURE

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF THIRD COAST CAPITAL MANAGEMENT, L.P. IF YOU HAVE ANY QUESTIONS ABOUT THE INFORMATION CONTAINED IN THIS BROCHURE, PLEASE CONTACT US AT (512) 306.0409, OR BY EMAIL AT INFO@THIRDCOASTCAP.COM. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT THIRD COAST CAPITAL MANAGEMENT, L.P. ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

MARCH 31, 2011

Item 2: Material Changes

On July 28, 2010, the Securities and Exchange Commission adopted amendments to Part 2 of Form ADV and related rules that require registered investment advisers to provide new and prospective clients with a brochure and brochure supplements written in plain English. This brochure has been prepared to comply with the new requirements of Part 2 of Form ADV. As this brochure is new, investors should carefully read this brochure and the applicable offering documents and/or governing documents in their entirety before making any investment decisions. The information set forth herein is qualified in its entirety by reference to the applicable offering and governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing and offering documents, the governing and offering documents shall control.

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Item 4: Advisory Business

FIRM DESCRIPTION

Third Coast Capital Management, L.P., a Delaware limited partnership and private investment advisory firm, was established in September 2004. We provide investment management services to private pooled investment vehicles, interests of which are offered to investors on a private placement basis. We have full discretionary authority with respect to investment decisions, and our investment advice is made in accordance with the investment objectives and guidelines set forth in the applicable offering memoranda and governing documents.

PRINCIPAL OWNERS

We are owned by David D. May and Clark B. Davis.

TYPES OF ADVISORY SERVICES

We and certain of our affiliates serve as general partner of and/or investment manager to various private pooled investment vehicles organized under the laws of the State of Delaware, including Third Coast Capital, L.P. (the “LP Fund”) and Third Coast Capital QP, L.P. (the “QP Fund”). In addition, we also serve as the investment manager to Third Coast Capital Offshore Fund, Ltd., a Cayman Islands exempted company (the “Offshore Fund,” and together with the LP Fund and the QP Fund, the “Funds”). We have discretionary investment management authority to invest and reinvest the assets of the Funds in securities and other financial instruments.

We tailor our advisory services to the individual needs of our clients and clients generally are not permitted to impose restrictions on investments in certain securities or types of securities.

ASSETS UNDER MANAGEMENT

As of March 1, 2011, we had approximately \$40,900,000 in assets under management. All of these assets are managed on a discretionary basis.

Item 5: Fees and Compensation

DESCRIPTION OF COMPENSATION AND BASIC FEE SCHEDULE

In consideration of our advisory services, we and/or our affiliates generally are entitled to receive management fees and/or performance-based fees or allocations from each of the Funds and with respect to each investor. The fees applicable to each Fund and each investor are described in detail in the applicable governing and/or offering documents. A brief summary of our advisory fees is set forth below.

Management Fees

Offshore Fund

With respect to the Offshore Fund, we generally are entitled to a management fee, accruable monthly and payable quarterly in advance, equal to 0.375% (1.5% per annum) of the net asset value of each class of shares on the first business day of each calendar quarter.

QP Fund and LP Fund

With respect to the QP Fund and the LP Fund, we generally are entitled to receive a management fee, accruable monthly and payable quarterly in advance, equal to 0.375% (1.5% per annum) of the net asset value of the capital account of each partner on the first business day of each calendar quarter.

Performance-based Allocations or Fees

Offshore Fund

We generally are entitled to receive an annual performance fee, accrued monthly, calculated for each class of shares on a series-by-series basis, in an amount equal to 20% of the appreciation of each class' net asset value with respect to a particular fiscal year. All fees and expenses, except for the performance fees, that have been accrued or paid (but not previously accrued) for a given period are deducted prior to calculating the performance fee for such period.

If a series of shares receives a net loss in any period, we are not entitled to receive a performance allocation with respect to a series of shares until prior net losses are recouped.

QP Fund and LP Fund

We generally are entitled to receive an incentive allocation equal to 20% of the net capital appreciation credited to the capital account of each investor during an "Incentive Allocation Period," less any management fees that have been charged to the investor's capital account during the Incentive Allocation Period.

An Incentive Allocation Period is a period that commences on the date of admission of an investor and ends on (i) each fiscal year-end, (ii) on the withdrawal date of an investor making a total withdrawal (or in our sole discretion, a partial withdrawal, with respect to the amount withdrawn), (iii) on the date of transfer when an investor transfers all or part of its capital account, with respect to such transferred amounts (in our sole discretion), (iv) on the date that we cease to be the general partner, or (v) on the date when a fund dissolves and/or terminates.

If a partner is allocated a net loss in any period, we are not entitled to receive an incentive allocation with respect to the investor until that net loss is recouped.

General

We may waive or reduce our management fees, performance or incentive allocations or fees with respect to any investor at our sole discretion.

Each investor in the QP Fund generally is required to be a "qualified purchaser" as such is defined in Section 2(a)(51)(A) under the Investment Company Act of 1940, as amended. Each investor in the LP Fund and the Offshore Fund generally is required to be a "qualified client" as such is defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended.

PAYMENT OF FEES

Offshore Fund

Management fees are payable by investors quarterly, in advance, as of the first business day of each calendar quarter. Management fees are deducted directly from the Fund on the first business day of each calendar quarter. The management fee is prorated for additional subscriptions and redemptions effected by the Fund. In the event that the Fund is dissolved, an investor redeems its shares or our advisory services are terminated prior to the end of any calendar quarter, a proportionate amount of such management fee will be returned to the investor.

Performance fees are paid (i) as of the close of business on the last day of each fiscal year, (ii) as of each redemption date with respect to the shares redeemed by redeeming shareholders, (iii) as of the effective date of a transfer of shares with respect to the shares transferred, in the board's sole discretion, or (iv) as of the date of the termination of the investment management agreement. Performance fees are paid directly from the Fund.

QP Fund and LP Fund

Management fees are payable by investors quarterly, in advance, within 10 days after the first business day of each calendar quarter. Management fees are deducted directly from the Funds at the beginning of each accounting period. The Management Fee is prorated for additional subscriptions and redemptions effected by the Fund. In the event that the Fund is dissolved, our advisory services are terminated or an investor withdraws prior to the end of any calendar quarter, a proportionate amount of such management fee will be returned to the investor.

Incentive allocations will be allocated (i) as of the end of each fiscal year, (ii) on the withdrawal date of an investor making a total withdrawal (or, in our sole discretion, a partial withdrawal, with respect to the amount withdrawn), (iii) on the date an investor transfers all or part of its capital account, with respect to such transferred amounts (in our sole discretion), (iv) on the date we cease to be the general partner, or (v) when the Fund dissolves and/or terminates. Incentive allocations are allocated directly from the applicable Fund.

OTHER FEES AND EXPENSES

In addition to management fees and performance-based allocations and fees, each Fund generally bears (and reimburses us for) all costs and expenses relating to the Fund's activities including, without limitation, (i) investment-related expenses such as sales loads (up-front, contingent, deferred or otherwise), (ii) insurance commissions, (iii) bank service fees, (iv) withholding and transfer fees, (v) taxes, (vi) systems and technology expenses, (vii) corporate licensing fees, (viii) research expenses, (ix) interest on margin accounts and other indebtedness, (x) legal, accounting and auditing expenses, (xi) Fund administration, (xii) investment related consultants and other service providers' expenses, (xiii) investment-related travel costs and (xiv) expenses incurred with respect to the preparation, duplication and distribution of Fund offering documents, annual reports and other financial information. Each Fund generally is responsible for and pays all brokerage and custodial fees. See **"Item 12: Brokerage Practices."**

TERMINATION OF ADVISORY SERVICES

Offshore Fund

The Offshore Fund generally may terminate its investment advisory contract upon 90 days' prior written notice to us.

WITHDRAWALS

Offshore Fund

As described more fully in the applicable offering memorandum, each investor in the Offshore Fund generally is permitted to redeem all or part of its shares on the last business day of the calendar quarter. However, any redemptions made prior to the first anniversary of the date upon which such investor acquired its interest in the Offshore Fund is subject to a redemption fee of 3% of the amount of redemption. Notice of any redemption generally must be given to us in writing at least 30 days prior to the proposed redemption date. In general, a redeeming investor will receive at least 90% of its redemption proceeds within 30 days after its redemption date, and the balance within a reasonable time after the completion of the Offshore Fund's year-end audit for the year in which the redemption occurred.

The board may shorten such redemption notice period on a case-by-case basis in its sole discretion. Redemptions are effectuated on a first in first out basis. Shares may be redeemed at such other times and subject to such other terms as may be approved or agreed to by the directors in their sole discretion.

In addition, if both of Messrs. May and Davis die, become incapacitated or otherwise cease to be involved, directly or indirectly, in the management of the Funds, the Offshore Fund will promptly give each investor written notice, and within 10 days investors may deliver to us written notice of their intent to redeem all or a portion of their respective shares as of a date specified by us.

LP Fund and QP Fund

As described more fully in the applicable offering memorandum, each investor in the LP Fund and the QP Fund generally is permitted to make complete or partial withdrawals of amounts from its capital account balance as of the close of business on the last day of the calendar quarter. However, any withdrawals made prior to the first anniversary of the date upon which such investor acquired its interest in the LP Fund and the QP Fund is subject to a withdrawal charge of 3% of the amount of withdrawal. Notice of any withdrawal generally must be given to us in writing at least 30 days prior to the proposed withdrawal date. In general, a withdrawing investor will receive, at our sole discretion, 90% of its estimated withdrawal amount within 30 days after its withdrawal date, and the balance of the withdrawal within a reasonable time after the completion of the respective fund's year-end audit for the year in which the withdrawal occurred.

In addition, if both of Messrs. May and Davis die, become incapacitated or otherwise cease to be involved, directly or indirectly, in the management of the Funds, the Funds will promptly give each investor written notice, and within 10 days investors may deliver to us written notice of their intent to withdraw all or a portion of their respective interests as of a date specified by us.

COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS

Neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.

Item 6: Performance-Based Fees and Side-By-Side Management

PERFORMANCE-BASED FEES

As noted under “**Item 5: Fees and Compensation—Description of Compensation and Fee Schedule**” above, we generally are entitled to receive performance-based allocations or fees with respect to each of the investors in the Funds. Performance allocations could motivate us to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect.

SIDE-BY-SIDE MANAGEMENT

We do not manage accounts for which we are entitled to receive performance allocations alongside accounts for which we are not entitled to receive performance allocations.

Item 7: Types of Clients

DESCRIPTION

We currently provide investment advisory and supervisory services with respect to the Funds, our sole advisory clients. We may provide investment advisory services to other clients in the future.

ACCOUNT REQUIREMENTS

The minimum initial capital contribution required for an investor in the Funds is \$1,000,000. With respect to each of the Funds, capital contributions of lesser amounts may be accepted in our discretion.

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

METHODS OF ANALYSIS

Our methods of analysis include charting, fundamental and technical analysis. We will utilize certain sources of information in conducting our analysis, including financial newspapers, magazines, inspections of corporate activities, research materials provided to us by others and annual reports and filings with the Securities and Exchange Commission (“SEC”). We seek to identify companies that are experiencing changes in market perception through our fundamental research process.

INVESTMENT STRATEGIES

Our objective is to make meaningful investments in public securities, both long and short, that generate a long-term return in excess of that generated by the overall U.S. public equity market, while reducing market risk through industry diversification. To achieve our investment objectives, we identify companies that are experiencing changes in market perception and exploit those opportunities. These changes in perception may be company specific, industry-wide, mandated by regulation or legislated. Imperative in our approach is the identification of a catalyst that will allow for the realization of value from this transformation.

Short positions will typically be characterized by changing fundamentals such as broken business models, weak or poor management teams and unsustainable growth. We will never base our decisions regarding short positions solely on valuation - we will also identify catalysts and the timing of such catalysts before execution of our decisions. We are committed to applying methodical risk management to all short positions.

Our investment strategies include long and short term purchases, trading, short sales, margin transactions and options.

CERTAIN RISK FACTORS

There can be no assurance that we will achieve our investment objectives. Our investment program involves a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that our investment program is low risk or risk free. Our investment program is appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. Prospective investors should consider the following risks, among others, before making any investment decisions. The various risks outlined below are not the only risks associated with our investment strategies and processes. Investors are urged to consult with their own independent financial, legal and tax advisors before making any investment decisions. These risks are qualified in their entirety by the risks set forth in the applicable offering document of each Fund.

Dependence on Management. All decisions with respect to the clients’ assets are made by us, and we rely on the services of Messrs. May and Davis. Investors will have no right or power to take part in the management of the Funds. Should either of Messrs. May or Davis die or become otherwise incapacitated for any period of time, profitability of our investments may suffer.

No Current Income. Our investment policies should be considered speculative, as there can be no assurance that our assessments of the short-term or long-term prospects of investments will generate a profit. In view of the fact that the Funds will likely not pay dividends, an investment in the Funds is not suitable for investors seeking current income for financial or tax planning purposes.

Expenses May be a High Percentage of Assets. Operating expenses that are necessary for our proper operation may constitute a high percentage of the net asset value and, even if our strategy is successful, we may still not be profitable. In addition, as a result of withdrawals or other circumstances our necessary operating expenses may constitute a high percentage of the net asset value. For example, it is possible that we may have trading gains while our net asset value may not increase and may even decrease.

Transaction Execution and Costs. Our trading strategy may consist of short-term investing and may involve heavy trading, high volume and in many cases relatively narrow spreads between the prices at which we purchase and sell particular positions. The successful application of such a strategy depends significantly upon the quality of execution of transactions, such as the ability of broker-dealers to execute orders on a timely and efficient basis. Although we seek to utilize brokerage firms that afford superior execution capability to us, there is no assurance that

all of our transactions will be executed with optimal quality. On account of the potential degree of heavy trading, moreover, total commission charges and other transaction costs may be expected to be high, and on an annual basis may be in an amount in excess of Fund assets. The level of commission charges, as an expense of the Funds, may be expected to be a significant factor in determining future profitability of the Funds.

Trading Risks. The success of our investment activities depends on our ability to identify investment opportunities that fall within our strategies. Identification of an investment in such opportunities involves uncertainty. No assurance can be given that we will be able to locate investment opportunities or that an identified investment will be profitable.

Our investment strategies are designed to take advantage of market perceptions and structural changes. However, depending upon the investment strategies employed and market conditions, we may be adversely affected by unforeseen events involving such matters as political crises, changes in currency exchange rates, interest rates, forced redemptions of securities or acquisition proposals. We believe that our investment program and risk management techniques moderate these risks, but there can be no assurance of this fact.

Competition. The securities and investment fund industry is extremely competitive. We compete with firms, including many of the larger investment management firms, which have substantially greater financial resources than ours and substantially greater research staffs and more securities traders than we have. In any given transaction, investment opportunities may become limited as a result of competition from other firms.

Reliance on Certain Information. We may elect to invest in securities on the basis of information and data filed by the issuers of such securities with the SEC or made directly available to us by the issuers of the securities and other instruments or through sources other than the issuers. Although we evaluate such information and data, we are not in a position to confirm the completeness, genuineness or accuracy of such information and data and are not responsible therefor.

Risks Relating to Size of Issuer. There is no limitation on the size or operating experience of the issues in which we may invest. Some small companies in which we may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small factors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Illiquid Investments. Under certain market conditions, such as during volatile markets or when trading in an instrument or market is otherwise impaired, the liquidity of our relatively liquid portfolio positions may be reduced. In addition, we may from time to time hold large positions with respect to a specific type of instrument, which may reduce our liquidity. During such times, we may be unable to dispose of certain assets, which would adversely affect our ability to rebalance our portfolio or to meet withdrawal or redemption requests. In addition, such circumstances may force us to dispose of assets at reduced prices, thereby adversely affecting our performance. If there are other market participants seeking to dispose of similar assets at the same time, we may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if we incur substantial trading losses, the need for liquidity could rise sharply while our access to liquidity could be impaired. In conjunction with a market downturn, our counterparties could incur losses of their own, thereby weakening their financial condition and increasing our credit risk to them.

We may also invest in securities that are subject to legal or other restrictions on transfer. We may be contractually prohibited from disposing of such investments for a specified period of time. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and we may not be able to sell them when we desire to do so or to realize what we perceive to be their fair value in the event of a sale.

Hedging Transactions. We may utilize a variety of financial instruments such as options, index options and convertible bonds, both for investment purposes and for risk management purposes. Hedging also involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent our assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if

hedging had not been used. We are subject to the risk of the failure or default of any counterparty to our transactions. If there is a failure or default by the counterparty to such a transaction, we will have contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting counterparty). We seek to minimize our counterparty risk through the selection of financial institutions and types of transactions employed. However, our operational mechanisms may involve counterparty and other risk elements that may create unforeseen exposures.

Concentration of Investments. From time to time a significant portion of our assets may be concentrated in a particular security, industry or market. Should such security, industry, market or country become subject to adverse financial conditions, our assets may not be afforded the protection otherwise available through greater diversification of its investments.

Short Selling Risks. As discussed herein, we engage in short selling in the expectation of covering the short sales with securities purchased in the open market at prices lower than received in the short sale. If the price of the issuer's securities declines, we may then cover the short position with securities purchased in the market. The profit realized on a short sale is the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit our investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Leverage. We may use leverage as part of our overall core investment and risk management strategy. Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses. If we purchase securities on margin and the value of those securities falls, we may be obligated to pay down the margin loans to avoid liquidation of the securities. If loans to us are collateralized with portfolio securities that decrease in value, we may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, our counterparties, in their sole discretion, may change the leverage limits that they extend to us. In the event we obtain a credit facility, our investment discretion may be subject to certain limitations prior to and/or following an event of default. After such an event, it is likely that, among other consequences, the lender would assume total control of our assets and/or trading activities and no distributions could be made or withdrawals effected without the lender's consent. Our borrowings, however, are subject to a risk management review performed by us.

Option Trading. In seeking to enhance performance or hedge capital, we may purchase and sell call and put options on securities, stock indexes and other instruments. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Examples of well-known stock indexes are the S&P 500 and the S&P 100 Index. Both the purchasing and the selling of call and put options contain risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e. a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price. The effectiveness of purchasing or selling stock index options as a hedging technique may depend upon the extent to which price movements in investments that are hedged to correlate with price movements of the stock index selected. Because the value of an index option depends upon movement in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading currently are substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets

are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by us due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which we would otherwise recommend, to the possible detriment of the Funds. Neither the Commodity Futures Trading Commission nor banking authorities currently regulate forward currency through banks. In respect of such trading, we are subject to the risk of bank failure or the inability or refusal by a bank to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to us.

Custodial Risks. Brokers, custodians and other counterparties with which we (directly or indirectly) do business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Funds. Brokers may trade with an exchange as a principal on behalf of the Funds, in a “debtor-creditor” relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Funds (for example, the transactions which the broker has entered into on behalf of the Fund as principal as well as the margin payments which the Funds provide). In the event of such broker’s insolvency, the transactions which the broker has entered into as principal could default and the Funds’ assets could become part of the insolvent broker’s estate, to the detriment of the Funds. In this regard, Fund assets may be held in “street name” such that a default by the broker may cause our rights to be limited to that of an unsecured creditor.

Forced Liquidation. Substantial withdrawals or redemptions by investors within a short period of time could require us to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of our capital. The resulting reduction in our capital could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base. Additionally, such substantial withdrawals or redemptions may increase the share of the Funds’ fees and expenses payable by the remaining investors.

Economic and Market Conditions. The success of our activities is affected by general economic and market conditions, such as changes in interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of our investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of our investments. Volatility and/or illiquidity could impair our profitability or result in losses. We could incur material losses even if we react quickly to difficult market conditions, and there can be no assurance that we will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Investors should realize that markets for the financial instruments in which we seek to invest can correlate strongly with each other at times or in ways that are difficult for us to predict. Even a well-analyzed approach may not protect us from significant losses under certain market conditions.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH OUR INVESTMENT PROGRAM. PROSPECTIVE CLIENTS AND INVESTORS SHOULD READ THIS BROCHURE AND THE APPLICABLE OFFERING MATERIALS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.

Item 9: Disciplinary Information

Neither we nor any of our employees have been involved in any legal or disciplinary events related to past or present investment clients or investors.

Item 10: Other Financial Industry Activities and Affiliations

Not Applicable.

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

CODE OF ETHICS

We have adopted and implemented a code of ethics, which sets forth standards of business conduct for our employees. Our code of ethics is primarily designed to reduce potential conflicts of interest and ensure adherence to high ethical standards. Among other things, we impose restrictions on all employees and principals relating to the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. Our code of ethics generally requires preclearance of all trades in securities included on our restricted securities list for our employees and principals and certain affiliated persons to assure that there is no conflict with trades being conducted by or considered for the Funds. Investments by our employees and principals in initial public offerings or private placements must also be approved by our Chief Compliance Officer. Our employees and principals must also report all trades they conducted on a quarterly basis, and must report all securities holdings on an annual basis. Further, we maintain insider trading policies and certain policies and procedures designed to prevent principals and employees from trading the same security ahead of our clients. We will furnish a copy of our code of ethics to investors and prospective investors upon request.

PERSONAL TRADING

We have compliance policies and procedures in place that are designed to reduce potential conflicts of interest and ensure adherence to high ethical standards with regards to personal trading. Among other things, we impose restrictions on all employees and principals relating to the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. Our procedures and code of ethics require pre-clearance and quarterly reporting of all personal securities transactions, except transactions in investment company securities and/or other exempt transactions. In addition, our code of ethics provides that access persons are subject to additional procedures, including quarterly and annual reporting of personal securities transactions, and a supervisory review of such transactions. Quarterly and annual reports are reviewed on a regular basis by appropriate supervisory personnel. Further, we maintain certain policies and procedures designed to prevent principals and employees from misusing material non-public information or trading the same security ahead of the Funds.

ACTIVITIES OF PRINCIPALS

Our principals and employees may serve as directors, officers or committee members of public companies and their activities on behalf of those companies may present actual and/or potential conflicts of interest (including conflicting fiduciary duties).

Item 12: Brokerage Practices

SELECTING BROKERAGE FIRMS

In general, we have authority to determine the brokers, futures commission merchants and other counterparties to be used for client transactions and to negotiate commission rates and other monies paid by clients. We select brokers on the basis of obtaining the best overall terms available (*i.e.*, best price and execution of transactions), which we evaluate based on a variety of factors, including among other things: the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research and related services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria. Because commission rates in the United States as well as other jurisdictions are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

BEST EXECUTION

In placing orders for the purchase and sale of securities, we seek best net execution, which includes both commissions and execution prices. Orders are placed with brokers or dealers which we believe to be responsible and provide effective execution of client orders under conditions most favorable to client accounts.

SOFT DOLLAR PRACTICES

We may use “soft dollars” generated by client accounts to pay for the research and/or related services described above. The term “soft dollars” refers to the receipt by an investment manager of products and services provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

During the last fiscal year, we acquired research and news services (such as Bloomberg and Street Account) and exchange services (such as NYSE and OPRA) (*i.e.*, soft dollar items) with client brokerage commissions (or markups or markdowns).

Using “soft dollars” to obtain investment research and/or related services creates a conflict of interest between us and client accounts because the soft dollars may be used to acquire such products and services that are not exclusively for the benefit of the client accounts which paid such commissions and that may primarily or exclusively benefit us. To the extent that we are able to acquire these products and services without expending our own resources (including management fees paid by client accounts), our use of “soft dollars” would tend to increase our profitability.

Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a “safe harbor” to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities. To the extent we elect to use its “soft dollars,” we intend such use to be within our good faith interpretation of the safe harbor afforded by Section 28(e).

We may participate in soft dollar arrangements of general availability through brokers that provide us with research and related services as described above. We do not, however, negotiate higher rates on fees and expenses to be paid by managed accounts in exchange for lower rates on fees and expenses to be paid by us.

BROKERAGE FOR CLIENT REFERRALS

In selecting or recommending brokers, we do not consider whether we or our related persons receive client or investor referrals from such brokers.

ORDER AGGREGATION

In certain instances, we may determine that it is in one or more of our clients’ best interests to engage in a block trade comprised of shares to be purchased or sold by more than one client account. Such a block trade may result in

a lower brokerage commission, thereby benefiting the client accounts. In such cases, we generally will allocate the block trade proportionately to capital of each of the client accounts participating in the trade within round lot parameters and in a manner that we determine to be fair and equitable to all participating clients.

ALLOCATION OF INVESTMENT OPPORTUNITIES

We generally allocate investment opportunities among clients in a manner we believe to be fair and equitable under the circumstances. All trades generally are allocated to our clients based on a percentage of the assets under our management.

Item 13: Review of Accounts

PERIODIC REVIEWS

We generally conduct reviews of the performance of the Funds on a daily basis. With respect to accounting matters, we have engaged Deloitte & Touche, LLP to conduct an annual audit of each Fund.

During the review process, we generally review share sizes, position sizes as a percentage of total, industry weightings and beta weightings by position and industry. David May and Clark Davis are primarily responsible for reviewing client accounts.

REPORTS TO INVESTORS/CLIENTS

We generally provide investors in each of the Funds with annual audited financial statements, quarterly portfolio reports or statements, monthly performance reports and annual U.S. income tax information. All such statements and reports are written.

Item 14: Client Referrals and Other Compensation

THIRD-PARTY COMPENSATION

We currently do not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to our clients.

REFERRALS

We pay referral fees to UBS Financial Services Inc. (“UBS”) for referring investors to us when our services are consistent with such investor’s individual objectives and financial situation. With respect to each investor referred by UBS that invests in one or more of the Funds, we pay UBS 25% of the management fees paid to us by each such investor in connection with its investment in the Fund. In addition, we pay UBS 25% of the incentive allocation or performance fee paid or allocated to us, as applicable, from each referred investor.

In addition to the foregoing, we may enter into agreements or arrangements in the future with other persons who refer investors or clients to us and/or the Funds. For their referral services, such persons may receive compensation from us which may be a percentage of the management fee and/or performance fee or incentive allocation paid to us or our affiliates by such investors.

All solicitation arrangements entered into by us will be appropriately disclosed to applicable investors and will be designed to be in substantial compliance with Rule 206(4)-3 under the Advisers Act, as applicable.

Item 15: Custody

We have, or may be deemed to have, custody of each Fund's cash and securities. In accordance with Rule 206(4)-2 under the Advisers Act, each Fund's cash and securities (except for privately placed securities) are held with one or more qualified custodians. BNP Paribas Prime Brokerage Inc. currently serves as custodian to the Funds. JP Morgan Chase currently serves as custodian to the contribution account of the Offshore Fund. We may change the custodians at any time and from time to time without the consent of, or notice to, investors. We have engaged Deloitte & Touche, LLP to conduct an annual audit of each Fund, and audited financial statements (prepared in accordance with generally accepted accounting principles) are provided annually to investors. We attempt to provide such statements to investors within 120 days after the end of each fiscal year, but there can be no assurance that we will be successful in this regard. Qualified custodians do not provide account statements directly to investors in the Funds.

Item 16: Investment Discretion

DISCRETIONARY AUTHORITY

We have discretionary power and authority over the types of financial instruments to be bought or sold, as well as the amount to be bought or sold on behalf of our clients. We have authority to determine the broker, futures commission merchant or other counterparty to be used for client transactions and the negotiation of commission rates and other consideration to be paid by the Funds.

LIMITED POWER OF ATTORNEY

Each investor in the Funds generally grants us or our affiliate a limited power of attorney to enable us to execute the applicable partnership agreement on his/her/its behalf.

Item 17: Voting Client Securities

We have the authority to vote proxies on behalf of the Funds. Rule 206(4)-6 under the Advisers Act requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies and procedures. In accordance with such rule, we have adopted proxy voting policies and procedures in our compliance manual. In general, our policy is to vote proxy proposals, amendments, consents or resolutions relating to Fund securities, including interests in private investment funds, in a manner that serves the best interests of the Funds, as determined in our discretion, taking into account various factors. Investors may obtain copies of our proxy voting policy, together with information regarding how we have voted past proxies, by contacting us.

Item 18: Financial Information

We do not have any financial impairment that will preclude us from meeting contractual commitments to clients. A balance sheet is not required to be provided as we do not both (i) serve as custodian for client funds or securities and (ii) require prepayment of fees of more than \$1,200 per client, six months or more in advance.

General Information

PRIVACY POLICY

We have adopted policies and procedures reasonably designed to protect various records and information of clients and investors. Except as set forth in the applicable offering materials and as otherwise authorized by each client and/or investor, private information about investors in the Funds is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, attorneys, brokers, custodians, transfer agents and any other parties whose services are necessary or convenient to the operation of the Funds. We deliver initial notification of our privacy policy as an annex to the subscription documents, as well as annual privacy notices thereafter, to all investors.

LEGAL PROCEEDINGS

We generally are not required to file claims or otherwise take any action in connection with class action lawsuits, bankruptcy proceedings, or any other legal or administrative proceeding, in any such case on behalf of a client in connection with any client security holding.

TRADE ERROR POLICY

It is our policy to take the utmost care in making and implementing investment decisions on behalf of clients. To the extent that any error occurs, we will correct such error as soon as practicable and in such a manner that the client incurs as little material loss as possible. Errors may occur either in the investment decision-making process (*e.g.*, a decision may be to purchase a security or an amount of security that violates the client's investment restrictions) or in the trading process (*e.g.*, a buy order may be executed as a sell or a security other than that which the portfolio manager ordered may be purchased or sold). For purposes of this policy, errors in both investment decision-making and trading are referred to as trade errors. Internal or clerical mistakes that affect the investment or trading process and have a financial impact to the client will also be treated as trade errors.

It is our policy to immediately rectify any trade error in a manner that will have minimal impact on the Funds (and thus the investors). Generally, this will result in a reversal of the trade. However, the portfolio managers and our Chief Compliance Officer may determine that a different course of action would minimize impact to the Funds. We will appropriately document all trading errors by documenting the details and resolution of the trading error.

In order to monitor and learn from mistakes, such errors will be compiled each calendar year in a "trade errors file." This file will include the date, amount of the error and a general description of what caused the error. The trade errors file generally will be informally reviewed and discussed at least yearly by our trader, portfolio manager(s) and Chief Compliance Officer and ideally every time a trade error occurs in order to improve our processes.

Any such errors that do not affect the investment decision-making or trading process, or cause a violation of a client's investment policies or restrictions, and do not cause gain or loss to the client, will not be treated as trade errors. Any errors in the trade sheet will be flagged either by the prime broker(s) or by our staff and shall be corrected in a manner mutually determined by the prime broker and us.