

ING Alternative Asset Management LLC

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This brochure provides information about the qualifications and business practices of ING Alternative Asset Management LLC ("IAAM"). If you have any questions about the contents of this brochure, please contact IAAM's Legal department at (212) 309-8200. 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. IAAM is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about IAAM also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. IAAM's CRD number is 107235.

ITEM 2

Material Changes

There have not been any material changes from the information in our brochure since it was most recently updated as of March 31, 2011.

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ITEM 4

Advisory Business

IAAM is wholly-owned by ING Investment Management Alternative Assets LLC. IAAM is wholly-owned by ING Investment Management LLC ("IIM LLC"), a registered investment adviser, which in turn is a wholly-owned subsidiary of Lion Connecticut Holdings Inc., which in turn is a wholly-owned subsidiary of ING Americas Insurance Holdings, Inc., which in turn is a wholly-owned subsidiary of ING Insurance International B.V., which in turn is a wholly-owned subsidiary of ING Verzekeringen N.V., which is a wholly-owned subsidiary of ING Insurance Topholding N.V., which is a wholly-owned subsidiary of ING Groep N.V. ING Groep N.V. is publicly owned, headquartered in Amsterdam, The Netherlands. IAAM began business as an investment adviser on December 5th, 1995.

IAAM serves as General Partner or managing member to several private investment partnerships or limited liability companies and as the investment manager or sub-adviser of several off-shore funds, collateralized debt obligations or other investment vehicles. IAAM holds an ownership stake in an affiliated offshore investment manager and in a General Partner that, respectively, provide asset management services and act as a General Partner to offshore funds investing in the Latin American market. IAAM acts as investment manager to the ING Global Multi-Strategy Master Qualifying Investor Fund, an Irish domiciled unit trust, and the ING Global Multi-Strategy Qualifying Investor Fund PLC, a private limited company with multiple sub-funds that feed into the master trust. The ING Global Multi-Strategy Master Qualifying Investor Fund currently offers a mortgage opportunity fund and expects to launch additional funds. IAAM may also manage individually managed accounts and will tailor its advisory services to the individual needs of such clients. Such individually managed account clients may impose reasonable investment restrictions on their accounts. Some or all of the funds or vehicles advised by IAAM may be included in multi-strategy or similar discretionary asset allocation structures. The types of financial instruments that may be used are outlined in an agreement entered into between IAAM and the client or other applicable offering documentation.

IAAM's ultimate parent entity—ING Groep, N.V.—has developed the ING Defence policy which restricts investments in certain firms involved in certain aspects of the defense or weapons industry. Likewise, ING Groep, N.V. also has developed other investment policies that take Environment, Social and Governance ("ESG") factors into account. These policies may be implemented at a client's discretion. (For some clients, imposing these types of investment restrictions may not comply with applicable law.) Additional information about these policies can be obtained from IAAM upon request. IAAM will also work with clients on implementing their own policies.

The overwhelming majority of assets managed by IAAM are discretionary in nature, although from time to time non-discretionary mandates may be accepted. As of December 31, 2011, IAAM managed \$4,127,730,000 in discretionary assets and none in non-discretionary assets.

INVESTMENT AUTHORITY

Subject to any written guidelines which the client may provide, IAAM typically has complete discretion and authority to manage client accounts. IAAM, as the client's agent and attorney—in fact, generally holds a limited power of attorney to act without prior consultation. Accordingly, IAAM is generally authorized to perform various functions, at the client's expense, without further approval from a client, except as required by law, including to: (a) make all investment decisions; (b) buy, sell, and otherwise trade in securities; (c) issue instructions to the custodian for operational matters of the account for such items as tender offers and reorganizations; (d) select brokers or dealers to execute securities transactions; and (e) vote proxies and make similar decisions, except that as a general matter, a fund's or account's custodian rather than IAAM is responsible for filing class action claims and, with certain exceptions, IAAM generally does not commence or pursue litigation on behalf of clients or separately managed accounts. With respect to many clients, IAAM may enter into swaps and other derivatives and may execute ancillary documents on their behalf. In certain instances, IAAM may enter into non-discretionary arrangements with its clients where IAAM obtains client approval prior to execution of a trade or provides the client with investment recommendations which the client, in its sole discretion, may implement.

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Fees and Compensation

IAAM is compensated as provided for in the provisions of the applicable partnership agreement or other relevant fund or account documents. Generally, investment advisory and management fees are .5% to 1.5% of assets under management, payable quarterly in arrears although clients may propose alternative billing arrangements. Performance fees are generally 10% to 50% of annual appreciation and, in compliance with SEC Rule 205-3 under the Investment Advisers Act of 1940, may be charged to certain funds desiring a particular style of management and to certain of the managed accounts. In addition to investment advisory and management fees, funds and accounts also bear other types of expenses, such as custody and audit fees, commissions and transaction costs. Brokerage expenses and related trading costs are discussed more fully in Item 12.

Clients are generally billed quarterly in arrears. The fee for the prior quarter is computed on the valuation as of the close of the current quarter.

TERMINATION OF ADVISORY AGREEMENTS

Investment advisory agreements between IAAM and the client may generally be terminated by either party, pursuant to the notice requirements specified in the investment management agreement. If the relationship is terminated prior to the end of a prepaid period, the fee will be pro-rated to the termination date and, if applicable, the balance returned to the client.

VALUATION AND PRICING

Unless specifically provided otherwise in the investment advisory agreement or other applicable document, IAAM utilizes generally available pricing services or sources to determine the market value of the fund or account it manages which is computed as of the last day of a billing period. In this regard, IAAM may use and rely on various services from external vendors for information such as pricing, ratings, types of security (e.g., 144A) and other relevant factors. While these vendors are generally reliable, from time to time the information they provide may be inaccurate or stale; this may impact the pricing and categorization of client portfolio holdings. From time to time, particularly for funds that may hold illiquid or thinly traded securities, IAAM may need to determine a price for a portfolio holding using “fair value” pricing methods. In these situations, IAAM will elicit input from a number of sources (e.g., portfolio managers, finance, etc.) and determine what it believes to be a representative or “fair” price for the holding. These determinations may involve a significant amount of judgment and in some cases may not end up being accurate. The funds may hold securities or instruments that have no trading market or are otherwise difficult to value. As an example, for some investments there may be only one counterparty or broker that can provide a reliable price quotation. For these types of securities, IAAM may determine which counterparty or broker it believes will provide the most reliable price quotations. These valuations may differ substantially from prices that are ultimately realized in a transaction. In addition, where different accounts or funds are governed by different pricing policies and/or have different custodians, it is possible that the same security or instrument could be assigned different valuations.

For collateralized debt obligations and other structured products, the frequency of pricing will depend on whether they are “cash-flow,” “arbitrage” or “market value” structures; in situations where prices are provided, external pricing services or sources are typically relied upon.

NEGOTIATION OF FEES AND OTHER UNIQUE ARRANGEMENTS

All fees are subject to negotiation. IAAM reserves the ability to adopt different fee structures on funds or accounts. In some cases, certain investors may pay lower fees or have other unique arrangements with respect to a fund or separately managed account, provided that other investors are not harmed. For example, investors providing large or initial investments, investors with multiple business relationships with ING entities, affiliated entities of IAAM, and/or ING employees may have specially tailored arrangements with IAAM with respect to their investment. These arrangements are entered into only where investors will not be harmed and IAAM determines that it can continue to meet its fiduciary duties to investors.

IAAM’s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage

accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to IAAM’s fee.

COMPENSATION FOR THE SALE OF SECURITIES AND INVESTMENT PRODUCTS

Personnel of IAAM may also be registered representatives of ING Investment Distributors, LLC, an affiliated broker-dealer. These registered representatives may receive compensation in connection with the sale of funds managed by IAAM; these fees typically do not offset advisory fees.

Where an individual receives compensation of this nature, there may be a conflict of interest because he or she has an incentive to recommend a product based on potential revenues rather than the client’s needs. In the case of solicitation arrangements with other advisers, clients typically receive disclosure regarding the arrangement or the affiliation between the entities.

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Performance-Based Fees and Side-By-Side Management

IAAM may be compensated under performance-based fee arrangements in compliance with Rule 205-3 under the Investment Advisers Act of 1940 (“Advisers Act”) based in part on the relative performance of a fund or account when compared to an independent benchmark but potentially on other bases as well. In some cases, IAAM has entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. Portfolio managers of IAAM may manage accounts with performance-based fee arrangements and accounts that do not have such an arrangement. The potential conflicts of interest in these situations could, in theory, incent a manager to favor certain funds or accounts over others with respect to allocations and/or trading activities.

SIDE-BY-SIDE MANAGEMENT

Portfolio managers of IAAM may manage private funds as well as other accounts or funds that follow essentially a “long only” strategy. In these situations, there may be a number of potential conflicts of interest as a result of various factors, including that: (i) IAAM and the portfolio managers may have substantial investments in the private funds; (ii) the management fee for the private fund may be higher than for other products and funds; and (iii) IAAM will also typically receive an incentive fee from the private funds based on their performance. Further, the private funds will often have significantly greater flexibility in investment guidelines, selling securities short, incurring leverage and using derivatives. In addition, the investment mandates and investment guidelines for the various funds and accounts may differ significantly. For example, many “long-only” accounts may have an investment mandate to be fully invested, whereas a fund’s investment guidelines are generally far more flexible. Finally, IAAM does not devote its full time to the management of any account and devotes such time and attention to any account as it, in its sole discretion, deems necessary for the management of such account.

COMPLIANCE PROCEDURES

In order to monitor and address the potential conflicts described above, IAAM has implemented various processes and procedures, including a Conflicts Committee. These processes and procedures are designed to ensure that all funds and accounts are treated fairly, that any short sales are conducted in an appropriate manner, and that allocations of offerings or investment opportunities among funds and accounts are equitable.

ALLOCATIONS AND RELATED MATTERS

Although IAAM seeks to allocate investment opportunities in a manner that it believes to be in the best interest of all the funds and accounts involved and appropriate on an equitable basis, there can be no assurance that a particular investment opportunity will be allocated in any particular manner. Among the factors that can impact allocation and investment decisions across funds or accounts are differing investment strategies and objectives, account restrictions, risk parameters, cash flows, liquidity needs, tax considerations and other factors. In general, allocations of initial public offerings ("IPOs") and new issues are made on the basis of pre-established criteria across those eligible accounts or funds seeking to purchase the securities and for which the securities are appropriate and suitable.

ITEM 7

Types of Clients

IAAM generally serves as general partner of investment partnerships, the managing member of limited liability companies and as the investment adviser or sub-adviser to offshore investment funds, accounts, collateralized debt obligations and other structured products. IAAM may also serve as investment adviser or sub-adviser to non-U.S. investment companies and other non-U.S. investment vehicles. The minimum investment amount required for each fund account is typically described in the applicable Offering Memorandum and Limited Partnership Agreement or Limited Liability Company Agreement and specific to each fund. The general partner or managing member of each fund or account typically reserves the right to waive the minimum investment requirements.

ITEM 8

Methods of Analysis, Investment Strategies and Risk of Loss

With an emphasis on active management, our investment mission is to find unrecognized value ahead of consensus. To this end, our portfolio management teams seek original insights on markets and securities and a vision of investment potential that differs from the consensus view. We apply our proprietary research and analytics, global resources, portfolio diagnostics and risk management to the development of investment products and solutions in pursuit of our clients' objectives. For clients and funds seeking more quantitative or model-driven solutions, we seek to bring technical and analytical expertise in developing rigorous and superior solutions.

Investing in securities involves risk of loss that clients should be prepared to bear. Clients can lose money on an investment. Any of the

following risks, among others, could affect performance or cause an investment to lose money or to underperform market averages.

GENERAL INVESTMENT RISKS

Company. The price of a given company's securities could decline or underperform for many reasons including, among others, poor management, financial problems, or business challenges. If a company declares bankruptcy or becomes insolvent, its securities could become worthless.

Convertible Securities. Convertible securities are securities that are convertible into or exercisable for common stock at a stated price or rate. Convertible securities are subject to the usual risks associated with debt securities, such as interest rate and credit risk. In addition, because convertible securities react to changes in the value of the stocks into which they convert, they are subject to market risk.

Currency. To the extent that a fund or account invests directly in foreign currencies or in securities denominated in or that trade in foreign (non-U.S.) currencies, it is subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.

Derivative Instruments. Derivative instruments are subject to a number of risks, including the risk of changes in the market price of the underlying securities, credit risk with respect to the counterparty, risk of loss due to changes in interest rates and liquidity risk. The use of certain derivatives may also have a leveraging effect which may increase volatility and reduce returns.

Foreign Investments. Investing in foreign (non-U.S.) securities may result in more rapid and extreme changes in value than an investment exclusively in securities of U.S. companies due to smaller markets, differing reporting, accounting and auditing standards, and nationalization, expropriation or confiscatory taxation, foreign currency fluctuations, currency blockage, or political changes or diplomatic developments.

Liquidity. If a security is illiquid, IAAM might be unable to sell the security at a time when desired, and the security could have the effect of decreasing the overall level of a fund's liquidity. Further, the lack of an established secondary market may make it more difficult to value illiquid securities, which could vary from the amount realized upon disposition. IAAM may make investments that become less liquid in response to market developments or adverse investor perception. A client could lose money if it cannot sell a security at the time and price that would be most beneficial to it.

Market. Stock prices are volatile and are affected by the real or perceived impacts of such factors as economic conditions and political events. The stock market tends to be cyclical, with periods when stock prices generally rise and periods when stock prices generally decline. Any given stock market segment may remain out of favor with investors for a short or long period of time, and stocks as an asset class may underperform bonds or other asset classes during some periods.

Market Capitalization. Stocks fall into three broad market capitalization categories—large, mid and small. Investing primarily in one category carries the risk that, due to current market conditions, that category may be out of favor with investors. If valuations of large-capitalization companies appear to be greatly out of proportion to the valuations of mid- or small-capitalization companies, investors may migrate to the stock of mid- and small-sized companies causing an investment in these companies to increase in value more rapidly than an investment in larger, fully-valued companies. Investing in mid- and small-capitalization companies may be subject to special risks associated with narrower product lines, more limited financial resources, smaller management groups, and a more limited trading market for their stock as compared with larger companies. As a result, stock of mid- and small-capitalization companies may decline significantly in market downturns.

Securities Lending. Securities lending involves two primary risks: “investment risk” and “borrower default risk.” Investment risk is the risk of loss of the cash collateral received from the borrower. Borrower default risk is the risk that an investment will lose money due to the failure of a borrower to return a borrowed security in a timely manner

INVESTMENT STRATEGY RISKS

In addition to the risks involved with various instruments and markets noted above, various investment strategies also may entail unique risks. Several of these are set forth below. In all cases, a client should review applicable offering documents and/or other materials, which will generally have more detailed information about relevant risks.

Equities. Many of our investment strategies focus mainly or in part on equities. Equities can be of various types, such as common stock or preferred stock, and generally are subject to market, company-specific and liquidity risks.

Fixed Income. Many of our investment strategies focus mainly or in part on fixed income securities, which can include a wide array of debt instruments, including investment grade debt, government securities, corporate debt, money market instruments, mortgage-backed securities, non-investment grade (or “high yield”) debt, and others. To varying degrees—and depending on the particular instruments—fixed income securities are subject to interest rate, credit and liquidity risks, among others.

Senior Loans. Senior loans involve investments in subordinated loans of various companies. These loans are typically secured by assets of the company. This strategy involves company-specific credit risk as well as interest rate risk. This market may also confront liquidity challenges from time to time, depending on the loans involved. Although the re-sale, or secondary market for floating rate loans has grown substantially over the past decade, both in overall size and number of market participants, there is no organized exchange or board of trade on which floating rate loans are traded. Instead, the secondary market for floating rate loans is a private, unregulated inter-dealer or inter-bank re-sale market.

Mortgage-Backed Securities. Mortgage-backed securities are securities that directly or indirectly hold pools of residential or commercial mortgages. In addition to interest rate and credit risk, these instruments also involve prepayment risk, which is the risk that borrowers prepay their mortgages faster or slower than anticipated.

Emerging Markets. Emerging markets are often in developing countries and tend to be more volatile and risky than more established trading markets. In addition, the instruments and investments of emerging markets often carry higher credit and/or company risks.

Real Estate. To the extent strategies include real estate investments, IAAM may employ sub-advisers. Real estate markets tend to be less liquid than other markets and also tend to have more subjectivity in valuation. In addition, real estate investments can be especially prone to regional or general economic cycles. Credit prices of an investment can fall if the actual or perceived financial health of the borrowers or, issuers of, such investments deteriorates, whether because of broad economic or issuer-specific reasons. In severe cases, the borrower or issuer could be late in paying interest or principal, or could fail to pay altogether.

High-Yield Securities. Investments rated below investment-grade (or of similar quality if unrated) are known as “high-yield securities” or “junk bonds.” High-yield securities are subject to greater levels of credit and liquidity risks. High-yield securities are considered primarily speculative with respect to the issuer’s continuing ability to make principal and interest payments.

Interest Rate. Changes in short-term market interest rates will directly affect the yield on an investment if there are investments in floating rate debt. If short-term market interest rates fall the yield on an investment will also fall. To the extent that the interest rate spreads on floating rate debt in a fund or account experience a general decline, the yield on the investment will fall and the value of assets may decrease, which will cause the net asset value to decrease. Conversely, when short-term market interest rates rise, because of the lag between changes in such short-term rates and the resetting of the floating rates on the floating rate debt in a fund or account, the impact of rising rates will be delayed to the extent of such lag. With respect to IAAM’s investments in fixed rate instruments, a rise in interest rates generally causes values to fall. Falling interest rates will cause the income of bonds and other debt securities to decline over time. Fixed rate securities with longer maturities or duration are more sensitive to changes in interest rates.

Leverage. Certain transactions and investment strategies may give rise to leverage. Such transactions and investment strategies, include, but are not limited to: borrowing and the use of forward-commitment transactions. The use of certain derivatives may also increase leveraging risk.

ITEM 9

Disciplinary Information

As part of a large, global financial services company, IAAM affiliates may be involved in disciplinary, regulatory or other legal matters from time to time, as well as being subject to examinations, investigations and inquiries from governmental and regulatory authorities.

Neither IAAM nor its management has been involved in any legal or disciplinary events in the past ten years that would be material to a client's evaluation of IAAM or the integrity of IAAM's management. For more information on disciplinary and legal matters that may involve IAAM or certain of its related companies, see Item 11 of IAAM Form ADV-Part 1, available at www.adviserinfo.sec.gov.

ITEM 10

Other Financial Industry Activities and Affiliations

IAAM is part of a large, global financial services company and, as such, has relationships and affiliations with many other entities engaged in the financial industry. IAAM's ownership structure is explained more fully in Item 4. IAAM serves as the General Partner or managing member of several private investment funds and investment manager to several offshore funds and non-U.S. investment companies. In addition, IAAM may enter into joint ventures and/or take stakes in other fund managers. From time to time, IAAM may invest proprietary capital in one or more funds or strategies.

Within the ING Investment Management business unit, IAAM is affiliated with the broker-dealer ING Investments Distributor, LLC ("IID"). ING Investment Management Co. LLC ("IIM Co."), ING Investment Management LLC, ING Investments LLC, ING Investment Management (UK) Limited and other ING entities are also affiliated investment advisers. Certain officers, directors and employees of IAAM are registered representatives of IID, and therefore are licensed to sell securities for separately commissioned compensation. IID or another affiliated entity may act as an introducing broker-dealer.

Officers and employees of IAAM may also be officers and employees of affiliated entities, including IIM Co., ING Investments LLC, and ING Investment Management LLC. From time to time various ING insurance companies may invest in funds or other products managed by IAAM.

In general, IAAM does not execute client transactions through IID or other affiliated broker-dealers, although it may determine to do so in the future where permitted by applicable laws and regulations. Execution of transactions through an affiliated broker-dealer can result in a conflict of interest, in that the affiliate may profit from such commissions or other fees on such transactions; these transactions are governed by regulations and disclosure requirements designed to inform clients of the potential conflicts of interest and reduce their potential impact.

Although not common, in unique circumstances, IAAM may have advisory or other relationships with particular funds or accounts whereby IAAM provides trading and related support services. For example, where an investment team formerly employed by IAAM or its affiliates becomes part of an independent advisory entity, IAAM and its affiliates may provide trading and related services in order to assist in the transition and help ensure that the funds' or accounts' portfolios receive adequate trading support. These trading and related services may include, among other things, execution of transactions, access to meetings with various financial institutions and other information sources, and access to securities offerings. These transactions would generally be subject to IAAM's trading policies and procedures, including those governing trade allocations. The commissions and other revenues these funds or accounts generate for broker-dealers and other financial institutions would generally help IAAM obtain better services or allocations from these external entities. IAAM may be compensated for these trading services in various ways, including where permitted by applicable law and regulation, by payments either directly from the independent investment management firm or from broker-dealers or other institutions with which the funds or accounts trade or otherwise conduct business.

For a number of investment strategies, IAAM may use or share trading personnel and trading desks with other affiliated asset managers across multiple locations, including outside of the U.S. Depending on the strategy and situation, allocations and investment decisions may be made across several trading desks, including some located outside of the U.S., in the manner deemed most advisable by the portfolio manager(s) and/or traders.

ITEM 11

Code of Ethics

IAAM has implemented a Code of Ethics (the "Code"). The Code prohibits personnel from engaging in personal investment activities which compete with or attempt to take advantage of planned portfolio transactions. Subject to certain exceptions consistent with industry requirements (e.g., U.S. government securities, open-end investment companies, etc.), the Code requires employees to receive pre-clearance before entering personal trading requests, regularly report securities transactions and holdings, and certify annually regarding compliance with the terms of the Code. Subject to certain exceptions, the Code also establishes minimum holding periods before employees may profit from transactions (purchase and sale or sale and purchase) in the same or related securities. Certain employees maintain managed personal trading accounts with third party brokerage firms. Because these employees have granted discretion over their trading activity to a third party, they may be granted a waiver to the pre-clearance requirement for the securities transactions made in those accounts. These accounts are not subject to blackout periods or other requirements of the Code of Ethics and the transactions in these accounts may be in direct competition or contravention of client transactions. The Code further prohibits employees from purchasing IPOs. Transactions in privately placed securities are permitted under the Code with IAAM Compliance and supervisory approval, subject to the requirements detailed above.

Also, employees must submit, on a quarterly basis, a summary of their personal securities transactions and a list of their personal securities holdings on an annual basis. IAAM employees are prohibited from using the influence of their position to obtain a personal trading advantage.

A copy of the Code is available to clients upon request.

REGULATORY RESTRICTIONS

The ability of IAAM or its affiliates to effect and/or recommend certain transactions may be restricted by applicable regulatory requirements in the United States and/or other countries or jurisdictions. In particular, activities of IAAM's affiliates involving investment banking and other financial services may impose limitations on the advice or recommendations IAAM or its affiliates may give. Further, in situations where an affiliate of IAAM is involved in an underwriting or distribution of a company's securities, IAAM or its affiliates may be precluded from purchasing or recommending the purchase of certain securities of the company for clients.

PRINCIPAL TRANSACTIONS

In general, IAAM will not, acting as principal, buy securities from or sell securities to advisory clients. However, IAAM reserves the right to engage in such principal transactions where conducted in accordance with Section 206(3) of the Advisers Act and other applicable legal, regulatory and contractual provisions.

CROSS-TRADES

In certain situations, where in the interests of clients or funds and permitted by the relevant client or fund documents, IAAM may direct one client account or fund to purchase or sell an investment from or to another client account or fund. For example, onshore and offshore funds following similar investment strategies may need to "rebalance" their portfolios periodically. These "cross trade" transactions will be done only where the portfolio manager can obtain best execution.

TRADING BY IAAM, AFFILIATES AND EMPLOYEES

IAAM or its affiliates may give advice and take action with respect to their own investments which may involve the same or similar investments, or alternatively may differ from the advice, timing or nature of action taken with respect to other clients.

IAAM, its affiliates and/or its or their employees may in some cases personally invest in the same securities that are purchased for or recommended to clients, or they may own securities of issuers that are subsequently purchased for or recommended to clients. It is possible that IAAM may purchase or recommend publicly issued securities of the same issuers for its clients which its employees, or employees of affiliates, may have previously acquired through a private, non-public transaction. From time to time, conditions may arise in which shares may be purchased or sold for clients that are already owned by the principals or employees of a broker-dealer affiliate. In general, no security may be bought or sold by a person associated with IAAM before IAAM's clients' accounts, for whom the transaction is deemed appropriate and advisable, have had the opportunity to make such transactions.

Because of the size of the firm, there may be numerous proprietary, employee and employee-related accounts with varying differences and considerations such as liquidity needs, realized and unrealized gains and losses, other tax consequences and differing assessments of market conditions; thus investment decisions for some proprietary, employee and employee-related accounts may not always be consistent with decisions made for clients or funds. For the same reasons, investment decisions made on behalf of one client or fund may not always be consistent with investment decisions made on behalf of another client or fund.

IAAM manages many funds, accounts and other investment vehicles. IAAM and/or its affiliates may have an economic interest in various accounts. Accounts, funds and other persons advised by IAAM may have different investment objectives or considerations. Decisions as to purchases and sales for each fund or account are made separately and independently in light of their respective objectives and purposes and may differ, depending on the fund or account.

COMPLIANCE POLICIES AND PROCEDURES

In order to monitor and address any potential conflicts of interest, IAAM has implemented various processes and procedures, including policies governing trading and allocations, as well as a Conflicts Committee. These processes and procedures are designed to ensure that all funds and accounts are treated fairly, and that allocations of offerings or investment opportunities among funds and accounts are equitable.

IAAM's internal procedures are structured so that, under most circumstances, when the trades of persons associated with IAAM are executed in the same securities purchased for or recommended to client accounts, they will receive an execution price that is no more favorable than their clients. Exceptions may be made for transactions arising from arbitrage, market making activities, and transactions executed through other firms.

IAAM has numerous other policies designed to address various potential conflicts of interest, such as receipt of gifts or entertainment, personal trading, and others.

PROCEDURES GOVERNING MATERIAL, NON-PUBLIC INFORMATION

In the course of its business, IAAM, its affiliates and their respective employees may come into possession of material, non-public information. IAAM and affiliates have adopted written "Information Barrier" procedures to prevent the use of material non-public information for trading and investment decisions and to minimize any conflict of interest which might otherwise result from such circumstances. Such procedures may require that IAAM and/or its employees be restricted from engaging in transactions in certain securities until such time as IAAM is no longer restricted. For legal, regulatory and other reasons, IAAM may determine to restrict investments in securities or instruments of companies in which a client or an employee of IAAM is an officer or director or with which such person has other material relationships, or where other potential conflicts of interest are present.

ERROR CORRECTION PROCEDURES

On occasion, an error may be made in a fund or client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, IAAM generally seeks to rectify the error by placing the fund or client account in a similar position as it would have been had there been no error. Depending on the circumstances and subject to applicable legal and contractual requirements, various corrective steps may be taken, including among others canceling the trade, correcting an allocation, or taking the trade into a firm error account (which may include positive and negative trading errors) and reimbursing the client account.

PRIVACY POLICY

We at IAAM are fully committed to protecting the privacy of our clients. Keeping client and customer information secure is a top priority for all of us at our company and we want to be straightforward about our information practices. Set forth below is our privacy policy:

1. What information may be collected? How could it be used?

We generally collect and use information about clients and customers in order to deliver quality service to them. Information may be obtained through applications, new account or other forms submitted directly to us or through unaffiliated third parties, transactions with us or our affiliates and meetings between clients and our employees, such as portfolio and/or account managers. This information might include a client's name, address, social security number, assets, income, credit and investment history or other personal information. We collect this information in order to advise clients and customers about our products, services and other opportunities, and to operate our business.

2. Will any of the collected information be disclosed to others?

Other than as required or permitted by law, we will not reveal client or former client information to any unaffiliated third parties unless we have previously informed the client or customer in agreements, have provided disclosure to the client or customer (with the opportunity to "opt-out"), or have otherwise been authorized by the client or customer. Client and former client information may be shared with our affiliates as necessary to administer, service or otherwise maintain accounts and generally as permitted by law. The types of persons to whom such information may be disclosed include the employees of IAAM and its related legal entities, agents, sub-advisors, and authorized representatives.

3. How is the collected information protected?

We have several internal controls in place to protect the collected information. We consider the information confidential and proprietary, and as such we restrict access to such information.

4. Will this policy change in the future?

The policy we have presented here is current as of the date of this brochure, but as circumstances or legal requirements change, IAAM may need to amend this policy.

ITEM 12

Brokerage Practices

FACTORS IN SELECTING BROKER-DEALERS AND COUNTERPARTIES

IAAM, as General Partner or managing member of various funds, investment manager of several offshore entities and manager of collateralized debt obligations, has the authority and responsibility of selecting broker-dealers to effect transactions for accounts and negotiating commissions and other transaction costs in accordance with the terms set forth in each fund's Offering Memorandum and Limited Partnership Agreement or Limited Liability Company Agreement, and each offshore entity's or collateralized debt obligation's offering documents. In this context, IAAM has the authority to select securities to be bought and sold for such entities as well as the brokers through which trades are executed.

It is the policy of IAAM to seek to obtain best execution for portfolio transactions. In seeking best execution, IAAM considers a number of factors in selecting broker-dealers or counterparties, including:

- Commission and/or transaction cost
- Execution capability
- Financial condition and responsibility
- Quality and reliability of brokerage and execution services
- Willingness to commit capital
- Research and other investment information or services

IAAM generally selects the broker-dealers through which transactions are effected and negotiates the commissions. Consistent with the objective of obtaining best execution, IAAM may place securities transactions for its clients with broker-dealers who supply research or brokerage services in consideration of brokerage commissions.

BROKERAGE AND RESEARCH SERVICES ("SOFT DOLLAR SERVICES")

IAAM may receive a variety of brokerage and research services ("soft dollar services") from various firms, including third parties which provide research or services by or through brokerage firms, that are paid for by the use of clients' commissions ("soft dollars") for the execution by such brokerage firms of securities transactions for client accounts. In such cases, clients may pay higher commission rates than those that would be charged by broker-dealers not providing research or other services. By obtaining soft dollar services, IAAM may benefit by not having to produce or pay for these research, products or services; in addition, IAAM may have an incentive to select or recommend a broker-dealer based on receiving research or other services.

IAAM may establish client commission arrangements sometimes called "commission sharing arrangements" with a number of

broker-dealers, whereby a broker-dealer will aggregate commission credits which are used to obtain research and/or brokerage services from a number of providers. In other situations, where a broker-dealer provides brokerage or other research services to IAAM, IAAM may “step out” (i.e., direct) a portion of a transaction from another executing broker-dealer to the broker-dealer for clearance and settlement.

The research services provided to IAAM are designed to augment its own and its affiliates’ internal research and investment strategy capabilities and may include a wide variety of analyses, reviews, tables, data bases, and reports on such matters as economic and political strategy, companies and industries. Other research or brokerage services could include securities quotations, news, specialized publications, trading information, portfolio analyses, performance analyses, earnings forecasts, software, technical and telecommunication services, telephone lines, and news and quotation equipment utilized in the investment management process; economic consulting services; and professional advice on particular transactions. There may be occasions where the transaction cost charged by a broker-dealer may be greater than that which another broker-dealer might have charged if IAAM determines in its good faith judgment that the amount of such transaction cost is reasonable in relationship to the value of the brokerage and research services provided by the broker-dealer. In addition, in some situations, only a portion of the services or products obtained may constitute “brokerage or research” that can be obtained through commissions. In these “mixed use” situations, IAAM will make a good faith allocation (based on usage or another reasonable method) of the portion of the service that may be obtained with commissions. Brokerage and research services furnished by broker-dealers through which IAAM effects transactions may be used for the benefit of some or all of its clients and not primarily or solely for the benefit of the particular client whose transactions were effected by the broker-dealer providing such services.

Where permitted by a particular fund’s offering documents, IAAM reserves the right to receive other products or services in consideration of brokerage commissions, including account record keeping and clerical services, referrals or marketing services, office space and facilities. IAAM does not determine whether commission rates being charged by its broker-dealer affiliates or another broker are the lowest available.

As a general matter, there are no specific limitations on the securities to be bought or sold or the amount of such securities to be bought or sold for a particular fund or account, unless a particular fund’s offering documents or an account’s guidelines state otherwise.

COMPLIANCE POLICIES AND PROCEDURES

The use of client commissions for soft dollar services is subject to various IAAM policies and procedures. These policies and procedures are designed to ensure that services obtained with commissions are used for appropriate purposes, such as assisting in the investment decision making process. These processes include pre-approval and documentation of soft dollar services, including mixed-use services. The Brokerage Committee meets regularly to review and oversee trading activities, including

soft dollars services. IAAM periodically monitors and evaluates the performance and execution capabilities of the firms which provide research and brokerage services and also monitors the levels of commission costs in comparison to those commissions paid by other institutional investment managers.

DIRECTED BROKERAGE AND SIMILAR ARRANGEMENTS

IAAM does not recommend, request or require that a client direct transactions to be executed through a particular broker-dealer. In general, IAAM permits clients to establish directed brokerage arrangements if they desire, although IAAM may limit the circumstances under which it will participate in these arrangements. Unless specifically directed to use a particular broker-dealer, it is IAAM’s policy to place orders with broker-dealers that it believes will provide best execution of the order. Where a client directs its brokerage, it is the client’s responsibility to ensure that: (1) all services or rebated commissions provided by the designated broker-dealers will inure solely to the benefit of the client’s account and any beneficiaries of the account, are proper and permissible expenses of the account, and may properly be provided in consideration for brokerage commissions or other remuneration paid to the designated broker-dealers; (2) using the designated broker-dealers in the manner directed is in the best interests of the client’s account and any beneficiaries of the account, taking into consideration the services provided by the designated broker-dealers; (3) its directions will not conflict with any obligations that persons acting for the client’s account may have to the account, its beneficiaries or any third parties; and (4) persons acting for the client’s account have the requisite power and authority to provide the directions on behalf of the account and have obtained all consents, approvals or authorizations that may be required under applicable law or instruments governing the account.

In such directed brokerage arrangements, the client should recognize that it may restrict or prevent IAAM from obtaining best execution which may cost the client more money; IAAM may not be able to obtain as favorable a transaction price or commission rates as might otherwise be available. Moreover, in a directed brokerage arrangement, the client may forego benefits by limiting IAAM’s ability to aggregate trade orders with those of other clients, thereby missing opportunities to lower commissions and/or transaction costs. Likewise, directed brokerage arrangements may also result in directed trades being executed after trades for other funds or accounts, which can result in inferior prices for that client.

IAAM does not independently determine whether the commission charged or execution effected thereafter is done at rates or prices higher or lower than those which could have been obtained in the marketplace from other brokers. As a result, clients directing transactions to a broker, including IID, may pay materially disparate commissions depending upon the commission rates of the brokerage firms they designate.

Transactions in foreign securities may entail materially higher commission rates, reflecting settlement costs in the country of execution. To the extent that securities are required to be custodied in a foreign country, the local foreign custodian charges the broker in accordance with local custom. These charges will be charged to the client account or fund as incurred. In addition to the risks of the investment, foreign securities investments also

entail risks of fluctuation in the exchange rate between the local currency and the U.S. dollar.

ALLOCATIONS AND RELATED MATTERS

IAAM may, but is not obligated to, combine or aggregate purchase or sale orders for the same security for various funds and clients, including clients of IIM Co., ING Investment Management LLC, and ING Investment Trust Co., other affiliates or clients and funds for which the IAAM trading desk provides trading support services, in an effort to seek more favorable execution or lower commission costs. Because some of IAAM's shared employees provide portfolio management services to affiliates' funds or client accounts, the affiliates' funds and accounts may be included in the same block trades with IAAM's funds or accounts. Nonetheless, the shared employees are required to treat all accounts in a fair and equitable manner with respect to the block trade allocation. When transactions are aggregated, it is the general policy of IAAM that no advisory account, including any proprietary account, will be favored over any other account. Funds and accounts participating in the aggregation of equity orders will generally do so at the average share price and all transaction costs will be shared on a pro-rata basis. IAAM's general philosophy in allocating a block trade for fixed income securities is that accounts participating in the block should receive the same average price or average spread to U.S. Treasuries. In cases where fixed income securities are traded on a spread to U.S. Treasuries basis, the net price for a security may differ for different accounts participating in the same block trade even though the spread to Treasuries for each account may be the same.

In some instances, IAAM may not be able to acquire the entire amount of a fixed income order from one broker-dealer/counterparty because that broker-dealer/counterparty may not be able or willing to trade in the quantity, price, or spread to U.S. Treasuries that IAAM desires. Thus, IAAM may have to effect additional trades in the same security on the same day through different broker-dealers/counterparties, in which case, aggregation of the multiple orders for different broker-dealers/counterparties is not practically possible because most trade orders for fixed-income securities are executed, or filled, as they are placed. As a result, each fixed income trade order placed with a different broker-dealer/counterparty is deemed to be a separate trade order. IAAM will attempt to aggregate the accounts for each such trade order according to investment objectives, mandates, benchmarks, cash flows, sector weightings, issuer exposure, custodians, or any other method deemed reasonable by IAAM. Generally, IAAM cannot average the price or spread to U.S. Treasuries for different funds or accounts, or even the same fund or account, when the same security is traded through different broker-dealers/counterparties on the same day because accounts would incur additional transaction costs. As a result, some minor price variations may exist. Nevertheless, IAAM will attempt to transact these trades at the same or as close to the same spread to U.S. Treasuries or price, as possible, without causing the funds or accounts to incur additional transaction costs.

Underwriters of new issues may consider various factors in making such securities available to customers, including the amount of primary and secondary transactional business such customers conduct with such underwriter. As such, certain firms

may consider their overall level of business with IAAM, including transactions for its clients and for clients of IAAM's affiliates. In the view of IAAM, it is neither appropriate nor practicable to allocate new issues to clients on the basis of the degree to which such client's transactions affected the new issue allocation. Accordingly, any client or account may receive an allocation greater or less than a share based solely upon its own transactional business might otherwise generate. In those instances where there is limited supply or demand for a particular security or investment opportunity resulting in aggregated orders which remain only partially filled at the end of the trading day, there is no certainty that the investment opportunities will be allocated to all funds or accounts; allocated equally among accounts participating in the aggregated transaction; or according to any established standard. In these instances, IAAM will attempt to allocate investment opportunities, including IPOs and new issues, in a fair and equitable manner over time and under the circumstances. Consideration may be given to factors including, but not limited to, the size of the original order, adjusted for, among other things, round lots; the size of the accounts; the benchmark each account is utilizing; the cash available for investment in each account; or whether clients have given IAAM directed brokerage instructions and whether IAAM is employing "step outs" to effect such transaction (in which case, IAAM may elect not to allocate the transaction to the directed brokerage accounts, as the client may incur additional fees charged by its custodian bank regarding the number of trades to settle). Therefore, clients who direct IAAM to trade with a particular broker-dealer may be precluded from certain investment opportunities. Where permitted by the advisory agreement or other operative documents, IAAM may determine to use another broker-dealer if IAAM believes it will provide superior execution, even though the account may incur commission charges.

In relatively infrequent cases, clients—rather than IAAM—may retain investment and brokerage discretion over their respective accounts.

Some broker-dealers may recommend that IAAM be invited to make presentations and proposals for potential clients' business, which could raise a potential conflict of interest.

Unless specifically directed to utilize a particular broker-dealer, it is IAAM's policy to place orders with broker-dealers that it believes will provide best execution of the order. Such broker-dealers may include affiliated broker-dealers or unaffiliated broker-dealers, including electronic securities brokers. Although IAAM generally does not execute client transactions through affiliated broker-dealers it may determine to do so where permitted by applicable laws and regulations. Affiliated broker-dealers may make markets in certain over-the-counter securities and in connection with such activities maintain an inventory in the securities in which it makes markets ("market-making securities"). The trading of market making securities is not subject to limitations placed on employee or employee-related accounts. In general, except where permitted by law and with client consent, affiliated broker-dealers will not, acting as principal, buy securities from or sell securities to IAAM's advisory clients. However, in some cases, affiliated broker-dealers may purchase or sell such market-making securities for clients as agent for the client through other market-makers, dealers or brokers. Since the purchase or sale of such market-making

securities may affect the price of such market-making securities, the affiliated broker-dealer may indirectly benefit from the purchase or sale of such market-making securities for the account.

Transactions in foreign securities may entail materially higher commission rates, reflecting settlement costs in the country of execution. To the extent that securities are required to be custodied in a foreign country, the local foreign custodian charges the broker in accordance with local custom. These charges will be charged to the client account as incurred. In addition to the risks of the investment, foreign securities investments also entail risks of fluctuation in the exchange rate between the local currency and the U.S. dollar.

TRADE ALLOCATION PROCEDURES

In order to attempt to maximize the benefit derived by its clients in terms of price when it determines that more than one client or account should purchase or sell the same security, IAAM frequently uses an average pricing technique. To achieve an equitable result among its clients for whom it buys or sells the same security on the same day and through the same broker, IAAM may, subject to the limitations set forth below, aggregate individual orders and seek execution of them as a block or in several blocks through a broker, working the order in such a way as to try to avoid a material impact on the market price until all orders are complete. IAAM then instructs the executing broker to calculate the average price for all securities so traded. IAAM employs the average pricing method in order to avoid having some clients pay more (or receive less) than other clients when their individual investment objectives and portfolio balances warrant investment (or divestiture) of identical securities. Each participating client account will participate at the average price and transaction costs will be shared pro-rata based on each client's participation in the bunched order. This average pricing method typically has no impact upon brokerage commissions. It is also generally applied to funds and accounts in which IAAM and/or its affiliates are the sole investors and which IAAM and/or its affiliates are the managers.

Accounts that direct their securities transactions to a particular broker-dealer, will generally have average price mechanisms limited to their place of execution or executing broker. If a bunched order is only partially filled, the securities purchased will generally be allocated pro-rata to each participating account in the bunched order based upon the initial amount requested for the account (subject to rounding to "round lots" or other minimum thresholds). From time to time, a rotational system designed to provide all clients, including accounts that do not permit "step outs," as well as accounts that are not part of directed brokerage program, with fair access to trading opportunities over a reasonable period of time, may be used.

For a number of investment strategies, IAAM may use or share trading personnel and trading desks with other affiliated asset managers across multiple locations. Depending on the strategy and situation, allocations and investment decisions may be made across several trading desks in the manner deemed most advisable by the portfolio manager(s) and/or traders.

IAAM, its affiliates, or either of their employees may also be investors in investment funds managed by IAAM or its affiliates in

which clients may also invest. Such investment funds are generally treated as client accounts, and are neither given preferential nor inferior treatment versus other client accounts in terms of allocations. As noted above, some funds may negotiate lower fees or other unique arrangements with certain investors, provided that the fund is not harmed. For example, affiliated entities of IAAM or employees may have arrangements with IAAM or other affiliated entities that would permit them to invest in a fund at lower overall fees than would otherwise be the case. In these situations, investors in the fund would not pay any higher fees, but rather IAAM or its affiliates would receive lower overall revenue.

IPO ALLOCATIONS

In general, allocations of IPOs and new issues and other public offerings are made on the basis of pre-established criteria across those eligible accounts seeking to purchase the securities and for which the securities are appropriate and suitable. Where the portfolio managers determine that the security will likely not be sold in the near term, managers of accounts receiving new issues may determine to sell the securities on the secondary market (thereby realizing gains) and subsequently purchase them for a broader universe of accounts or, where permitted, "cross" them with other managed funds or accounts. IPOs and new issues may be restricted to certain funds or accounts based on their investment objectives, investment restrictions or trading strategies. Portfolio managers may also determine that based upon their understanding of the clients' investment parameters, certain transactions in IPOs or new issues may be inappropriate for their clients. Funds or accounts which are not prohibited from purchasing and/or selling IPOs or new issues may participate in such transactions if to do so would be consistent with their historical or expected trading patterns. Subject to investment restrictions, IPOs and new issues will generally be allocated on a pro-rata basis to all eligible, participating funds or accounts based on the asset size of each participating fund or account unless quantities available are too small to be allocated pro-rata. As a result, certain client accounts of IAAM may have greater opportunities than others to invest in IPOs and new issues. Funds or accounts with an investment policy or style that emphasizes investment in a specific category of securities may be given priority over other clients in allocating such securities. In addition, managers' relationships with the underwriters, brokerage commissions generated, and analysis and commitment to the security may also be factors in allocation decisions.

Clients may specify parameters of equity or bond exposure which they are willing to accept as a percentage of total market value as well as certain minimum quality standards which are to be applied to purchases of these securities, and diversification levels may be specified which control the amount of any single industry or issue taken as a percentage of the total portfolio. The portfolio manager responsible for the account may accept or reject investment restrictions, based upon whether the restrictions will unduly impede management of the account. In the event that a restriction is not acceptable to IAAM, the decision is communicated to the client.

As noted above, from time to time a client selects the broker to be utilized for executions in the client's account. In such instances, these orders usually will be entered after the

completion of client orders for which the firm is authorized to select the executing broker. The result of this policy is that a client who directs its brokerage may have transactions executed at prices different from those of other clients, and which may be either more or less favorable. In addition, IAAM rotates the order of the brokers used for those clients who direct their transactions to a particular broker in the event there are to be multiple directed transactions in the same security. This may advantage or disadvantage a client who directs its trades.

ITEM 13

Review of Accounts

Each portfolio manager of a fund or account for which IAAM serves as managing member, General Partner or investment adviser regularly reviews the portfolio of such fund or account. The funds or accounts for which IAAM serves as General Partner, managing member or investment adviser, are provided with updated offering materials, and generally each client is provided quarterly account information and annual account and performance information. Clients in collateralized debt obligations receive monthly performance reports.

ITEM 14

Client Referrals and Other Compensation

Affiliates of IAAM have entered into agreements where they receive compensation (in the form of a portion of the management fee and/or incentive allocation) from a non-client for referring clients to a particular fund. In each instance, disclosure is made to each client and the details of the advisory referral agreement is provided to each client prior to or at the time the client enters into the arrangement, pursuant to SEC Rule 206(4)-3 under the Investment Advisers Act of 1940.

For certain clients of IAAM referred by brokers, other investment advisors (including affiliates such as IIM Co.), broker-dealers (including affiliates such as IID) or individuals, IAAM will agree to pay to such broker, investment advisor, broker-dealer or individual remuneration which may be a percentage of the fees and/or the total market value of assets managed under the investment advisory agreement for such client so long as IAAM renders advisory services for such client. In each instance that this occurs, disclosure is made to each client and the details of the advisory referral agreement are provided to each client prior to or at the time the client enters into the management agreement with IAAM, pursuant to Rule 206(4)-3 under the Investment Advisers Act of 1940. Employees of IAAM, or its affiliates, or other broker-dealers may receive compensation or commission credits for referring investors to the funds. Compensation of portfolio managers may also be affected by the total revenues received by ING-affiliated entities.

From time to time IAAM may provide investment research tools or services (analyses, reports, access to analysts, meetings, etc.) to third parties and/or affiliates in exchange for a fee or other remuneration. Such tools may be provided outside of IAAM's regular investment management services and may be generated by the same professionals who provide such tools to IAAM's investment management teams for management of IAAM funds

and accounts. IAAM may be compensated for these services in various ways, including where permitted by applicable law and regulation, by payments either directly from the independent investment management firm or from broker-dealers or other institutions.

Where permissible under applicable laws and regulations and where appropriate disclosures are made, IAAM may also direct fund brokerage commissions or commission credits to broker-dealers or other financial institutions as a means of compensating them for referring clients to IAAM, bringing investors into the funds or other marketing activities. Under these arrangements, the client does not pay higher management fees than IAAM's typical advisory fees.

Further, IAAM or its affiliates may participate in conferences and other functions sponsored by consultants and may purchase research or other services from such consultants. From time to time, these consultants may recommend IAAM or affiliates to clients. These recommendations are not based on, or related to, the purchase of research or services, or the participation in conferences or other functions.

As discussed above, IAAM may have advisory or other relationships with particular funds or accounts whereby IAAM provides trading and related support services. For example, where an investment team formerly employed by IAAM or its affiliates becomes part of an independent advisory entity, IAAM and its affiliates may provide trading and related services in order to assist in the transition and help ensure that the funds' or accounts' portfolios receive adequate trading support. These trading and related services may include, among other things, execution of transactions, access to meetings with various financial institutions and other information sources, and access to securities offerings. These transactions would generally be subject to IAAM's trading policies and procedures, including those governing trade allocations. The commissions and other revenues these funds or accounts generate for broker-dealers and other financial institutions would generally help IAAM obtain better services or allocations from these external entities. IAAM may be compensated for these trading services in various ways, including where permitted by applicable law and regulation, by payments either directly from the independent investment management firm or from broker-dealers or other institutions with which the funds or accounts trade or otherwise conduct business.

ITEM 15

Custody

Client assets are generally held in custodial accounts with banks, broker-dealers or other qualified custodians. IAAM is not a qualified custodian, and does not have possession of client assets. Nevertheless IAAM may be deemed by the SEC to have custody over client assets in certain circumstances. This may include where IAAM acts in a capacity, such as a fund's general partner or managing member, that gives us legal ownership of or access to client assets.

IAAM urges all clients that receive custodial statements to carefully review and compare such official custodial records to any account statements that IAAM may provide. IAAM statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities, so clients are advised to contact us and their custodians with questions.

ITEM 16

Investment Discretion

IAAM typically receives complete discretionary authority from the client at the outset of an advisory relationship through an investment management agreement or other documents to select the identity and amount of securities to be bought and sold, select the broker-dealers and other service providers that will service and support the operation of the account, execute trades on behalf of the client and generally engage in all activities that are essential or incidental to the investment management services IAAM provides. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular fund or client account. When selecting securities and determining amounts, IAAM observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to IAAM in writing.

ITEM 17

Voting Client Securities

PROXY VOTING PROCEDURES

I. General Procedures

IAAM manages various domestic and non-U.S. accounts and private funds across a number of alternative investment strategies. IAAM has responsibility for making investment decisions that are in the best interest of its clients. As part of the investment management services it provides to clients, IAAM generally has responsibility to vote proxies appurtenant to the shares held in funds or client accounts.

As a fiduciary, IAAM believes that it has a duty to manage clients' assets solely in the best interest of the clients and that the ability to vote proxies is a client asset. Accordingly, IAAM has a duty to vote proxies in a manner in which it believes will add value to the client's investment. IAAM may amend its proxy policies and procedures from time to time.

II. Proxy Voting Procedures

The proxy voting procedures below explain the role of the Proxy Committee, the Proxy Manager (or designated individual) and how the process will work when a proxy question needs to be handled on a case-by-case basis, or when there may be a conflict of interest.

The Role of the Proxy Committee (the "Committee")

The Committee exercises control of the voting of proxies by participating, as needed, in the resolution of issues or conflicts of interest that need to be handled on a case-by-case basis. The Committee is assisted in this process by the Proxy Manager.

The Role of the Proxy Manager

The Proxy Manager works with a proxy voting service to cast votes, resolve issues with the Proxy Committee and review proxy voting reports on a regular basis, generally quarterly.

Procedures for Voting Client Proxies and Handling Conflicts of Interest

In general, proxies are voted on behalf of particular accounts or funds, consistent with the firm's proxy guidelines. Occasions may arise where a person or organization involved in the proxy voting process may have a conflict of interest. A conflict of interest may exist, for example, if IAAM or an affiliate has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a shareholder proponent of a proxy proposal. In any case of a known conflict of interest, the Committee would generally be consulted or, where appropriate, the client may be contacted.

III. Obtaining Voting Records

Generally, IAAM will not divulge information regarding a specific vote prior to the shareholder meeting. Clients can obtain copies of IAAM's proxy voting policies and procedures as well as records on how IAAM voted their shares for a specified period of time by contacting their IAAM representative or relationship manager. Clients whose custodians establish omnibus accounts or who are part of funds may get proxy reports for a larger pool of securities than that in which they were invested.

IV. Records

The Proxy Manager will take necessary steps to retain, or arrange for the retention of, the proxy voting records (as defined by the SEC) for six years or such other period as may be required by applicable law or regulation.

Class Actions and Litigation

As a general matter, a fund's or account's custodian rather than IAAM is responsible for filing class action claims and IAAM generally does not commence or pursue litigation on behalf of clients or separately managed accounts. With respect to funds, IAAM may determine to initiate and/or pursue litigation in order to maximize recoveries for the fund, including "work-out" situations. Likewise, IAAM may in certain cases assist clients in these proceedings. Recoveries achieved from these activities inure to the benefit of, and expenses incurred in these efforts are borne by, those accounts or funds holding the investments.

ITEM 18

Financial Information

IAAM does not require or solicit payment of fees in excess of \$1200 per client six months or more in advance. IAAM is required in this Item to provide clients with certain material financial information or disclosures about its financial condition. To the best of our knowledge and belief, IAAM has no financial commitment that is reasonably likely to materially adversely affect its ability to provide investment management services to its clients, and has not been the subject of a bankruptcy petition.

