

Parker Global Strategies, LLC

(SEC - Registered Investment Adviser)

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FIRM BROCHURE

(PART 2A OF FORM ADV)

This brochure provides information about the qualifications and business practices of Parker Global Strategies, LLC (“PGS”). If you have any questions about the contents of this brochure, please contact us at (203) 358-4000 or InvestorServices@parkerglobal.com. 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 (“NOTE”).

Additional information about PGS also is available on the SEC’s website at www.adviserinfo.sec.gov.

NOTE: Being registered with the Securities and Exchange Commission (“SEC”) does not imply a certain level of skill or training of any principals or personnel of PGS.

March 2012

Material Changes

Update

In July 2010, the Securities and Exchange Commission issued a new set of rules requiring Investment Advisers to provide a narrative (“plain English”) document (known herein as the “Firm Brochure”) describing specific aspects of the PGS Registered Investment Adviser (“RIA”) business and organization. A description of material changes in information occurring since the last annual update is not required for clients or prospective clients who have not received a previous version of the offered Form ADV.

There can be instances where fee schedules, for example, for some of our services may have changed to reflect our contracts with current or prospective clients.

Annual Update

This “Material Changes” section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

Full Brochure Available

A copy of the complete PGS Firm Brochure is available upon request by contacting Stephen Brandt at PGS at (203) 674 – 5139 or by email at: sbrandt@parkerglobal.com .

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Advisory Business

Firm Description:

PGS makes recommendations to clients based on the Firm's research, advising on investment in funds (both single manager and multi manager) to qualified investors. If an investment in one of the funds managed by PGS is not suitable for an investor, or does not meet their needs, PGS will design a customized account for that investor.

All services are provided based upon the offering memorandum in the case of single manager and multi manager funds, or management agreements for customized accounts signed by the clients.

PGS provides consulting services on Alternative Investment Strategies (“AIS”); its niche is developing, implementing and managing AIS across a broad range of asset classes. PGS strives for vision, integrity and excellence in all aspects of its business, including commitment to and achievement of client success; its conservative but creative culture; its innovative products; its employees; and its professional advisors.

PGS also provides to both institutional and private clients, a broad spectrum of custom-tailored AIS including hedge funds, managed futures, and foreign exchange, along with high value-added services. PGS employs a rigorous investment process, combining both quantitative and qualitative measurements to create customized portfolios that meet our clients' specific risk and return objectives. What most distinguishes PGS in the marketplace is its creativity and risk management services, utilizing the industry's best practices to monitor portfolios on an ongoing basis.

PGS' edge is the combined expertise of its seasoned management team whose skills include research, trading, portfolio structuring, risk management, and operations. Our core competencies are as follows:

Portfolio Construction – An emphasis on a “top down approach” to ensure that the most promising themes are reflected in our clients’ portfolios.

Manager Research and Due Diligence – A methodical and disciplined approach that ensures that superior managers are identified and able to execute their strategies within defined themes.

Risk Management – A philosophy where risk management overlays every aspect of our investment process, starting from the fundamental view that position level transparency and monitoring are vital for successful investing.

Global Reach and Perspective – PGS has built a global foundation for investing based upon the view that a global presence, including partnerships and joint ventures, are of significant value to our clients.

In addition to the recommending of funds, accounts and other investment vehicles for clients, PGS may itself serve as an adviser for clients on transactions in equity and debt securities and/or derivatives based on such securities.

PGS' investment objectives utilize the following approach to designing and managing AIS:

Diversification: Diversification across markets, managers, and strategies is the first step for successful portfolio construction.

Best Practices: PGS adheres to best practices for the industry which require independent operational oversight, state-of-the-art risk measurement techniques, and disciplined risk management.

Commitment: Certain strategies, managers, and markets may be volatile. A successful program requires complex portfolio engineering and commitment to the program, its structure, and managers over a reasonable time horizon.

Analysis and Solid Judgment: Success demands rigorous qualitative and quantitative analysis in selecting markets, managers, and strategies --- as well as solid judgment bred from experience.

PGS' success lies in finding strong managers in both traditional hedge fund strategies and newer strategies with the goal of achieving strong performance for its clients. Specialty areas, where PGS forecasts growth are: energy and natural resources, alternative energy, green and environmentally clean investing.

PGS takes a cross-functional view of investment management which we break down into a four-stage committee approach: the Investment Committee, the Implementation Committee, the Risk Management and Operations Committee and the Portfolio Committee. Ultimately, the Investment Committee is responsible for the investment decisions. Refer to **EXHIBIT A** for a summary of each committee duties and a diagram of the Investment Process.

Principal Owners

PGS is a privately held Connecticut Limited Liability Company ("LLC") formed in December 5, 1995. Virginia R. Parker and Michael R. Parker are primary owners of PGS, with equity interests of approximately 60% and 17% respectively.

PGS has two 100% privately owned subsidiaries: PGS Services, LLC and Parker Global Investments, LLC ("PGI"), a registered broker- dealer engaged in the private placement of securities.

Types of Services Offered

PGS is a manager of managers, focused on the fund of hedge fund ("FoHF") segment of AIS, also encompassing managed futures, and managed currencies. Since the firms inception in 1995, the majority of the Firm's 30 mandates have been client-driven

(customized) and represent in aggregate, more than USD \$3.0 billion. PGS' current lines of business include a number of multi-manager products as well as individually customized multi-manager FoHF strategies for institutional and substantial private investors.

Core activities include designing, implementing and managing customized multi-manager hedge fund portfolios along with state-of-the-art risk management processes. PGS currently has also developed a specialty in niche areas including foreign exchange, energy & natural resources, alternative energy, water, and environmental investing.

Fees and Compensation

PGS fee are negotiable depending on such factors as products offered, services rendered and portfolio size and typically earn base fees as follows:

Management Fees:

Fees earned are generally calculated at 1.5 % on Gross Asset fund values (Notional Values for FX Single Manager funds) on the last business day of each month, payable on either a monthly or quarterly basis.

Performance Fees:

Performance fees are generally negotiable but typically range around a gross rate of 20%.

Redemptions:

An investor may terminate its investment in the funds managed by PGS based on the procedures delineated under the terms of the fund. Redemptions generally occur on Valuation Date within prescribed notification periods, but occurring at varied times, depending on fund product selection. PGS and the underlying manager have the discretion to declare a Valuation Date and permit redemptions on a date other than prescribed. Customized accounts may be terminated according to the terms of the agreement. Account positions are liquidated in the best possible/most prudent manner.

Consulting services in an AIS project typically are billed at a rate ranging from \$650 to \$1500 an hour, based upon the level of the consultant. A consulting contract is agreed upon prior to the commencement of consulting services. Fees are billed on a monthly basis, along with an itemized invoice of the month's consulting activity.

In addition to the recommending of funds, accounts and other investment vehicles for clients, PGS may itself serve as an adviser with clients on direct transactions in equity and debt securities and/or derivatives based on such securities.

Additionally, fees are negotiated depending upon the terms of the agreement and the required resources for services rendered.

Types of Clients

Investment Strategies Currently Managed

PGS works with major institutions and large family investors from North & South America, Asia, Europe, and South Africa. Our clients' Fund of Hedge Fund portfolios may be focused on a specific sector or broadly diversified to include global fixed income, global equities, foreign exchange, energy, and other commodities. We select top managers in a particular market niche to implement each strategy

As of December 31, 2010 PGS clients include banks, insurance companies, distributors, and high net worth investors involving:

Single Manager Energy Infrastructure
Multi-Manager Energy Infrastructure
Foreign Exchange
Customized Multi-manager Hedge Funds

Method of Analysis, Investment Strategies and Risk of Loss

Investment Methodology (trading/fundamental/static etc.):

PGS combines top down views with bottom-up research analysis for investment and portfolio construction decisions. The investment methodology concentrates on identifying important global investment themes and couples that with selection of "best of breed" managers that can exploit those themes to provide superior performance over time.

Top-Down Research:

- Analysis of global economy, politics and markets to assess current climate and risks
- Analysis of the performance of specific hedge fund strategies and dispersion of performance within strategies as an indicator of current market situation
- Discussions with broad range of investors in US, UK, Europe, and Asia to capture varying perspectives on current climate, opportunities and risks ahead

- Examine global GDP, FX rates, interest rate spreads, and interest rate volatility.

Bottom-Up Research:

- Monitor proprietary database of 3300 hedge funds
- Deep dive research & due diligence on both traditional and niche hedge fund styles including extensive quantitative and qualitative analysis on this universe
- Manager on-site evaluations

Risk/Return Objectives:

Each client has their own risk/return objective whose parameters are discussed and agreed upon prior to establishing a portfolio.

Unique Aspects of PGS Qualitative Analysis:

PGS performs rigorous due diligence with respect to the experience of key professionals, depth of staff, operational controls, reporting capabilities, and industry reputation. One of the unique aspects of our analysis is a robust, cross-disciplinary approach, encompassing all key members from different functional areas of our Firm including the Investment Committee, Portfolio Committee, Risk Management, Operations, and Client Services. Each member is involved in the initial due diligence and the on-going relationship with the manager. Each of the people involved introduces a different perspective to the process. There are consistent qualities that PGS believes work well for its approach to hedge fund investing. These qualities include developing a sense of “partnership” with managers to serve clients’ best interests, openness in discussing strategy and portfolio positions, high standards of integrity that permeate the manager’s firm and the conduct of its business, efficient and accurate back office operations, the separation between responsibilities for trading and business management, and flexibility when PGS needs to make changes to accommodate our investors. PGS develops strong relationships with the managers to whom we allocate. The more time and the larger the allocations, the stronger the relationships tend to be. PGS has been successful in allocating to newer managers with less than two-year track records, by recognizing some of the universal attributes of managers that work well in its model. Overall, PGS’ team approach to manager due diligence and selection provides an excellent set of checks and balances in the process.

Regarding the specific procedural steps undertaken prior to investing, one of the key components is completion of our due diligence questionnaire. This is a rigorous questionnaire of 400+ questions covering all aspects of a prospective manager’s business structure, investment process, risk management process and operational procedures. We have developed and have been perfecting this questionnaire over a number of years and

believe it to be quite comprehensive. We have also custom-tailored the questionnaire to be strategy-specific (i.e., a convertible arbitrage manager will receive a different questionnaire, in terms of the investment strategy section, than will a merger arbitrage manager). We do accept the AIMA questionnaire from hedge fund managers in lieu of our own.

A second major component is on-site visits to prospective/current hedge fund managers. We may very well have already had several meetings with the manager at either PGS' offices or at various industry conferences; but it is essential to conduct thorough on-site interviews at the manager's place of business to assess them in their own environment, prior to approving such manager for allocation. We also generally aim to conduct the on-site meeting after receipt and review of the completed due diligence questionnaire, as this will set the stage for more thorough questioning (i.e., the purpose here is less "introductory" and more "conclusive") and provides an opportunity to look for consistency/inconsistency with questionnaire responses.

There are 2 types of on-site interviews, what we deem a "management" interview and an "operations" interview. The management interview, including principals of the manager, portfolio manager(s) and risk manager(s) (if applicable), is used to review overall organization, business objectives, key personnel, investment strategy and methodology and risk management. We use the operations interview, ideally interviewing those directly involved, to review the various policies, procedures and controls. Such interview involves a great deal of site and spot checking. We examine the trading process in detail, directly interviewing those effecting the trading and directly observing the process "live", on-site, as it occurs. We examine the accounting and reporting procedures of managers and require sample reports. We look at their cash and position reconciliation process. We consider whether managers conduct real-time exposure monitoring and examine their procedures for cash flow and liquidity management. We want to know the frequency of NAV calculation and the methodology of calculation and valuation (including pricing sources and systems). We consider when managers complete their month-end accounting and the promptness with which their estimates and finalized numbers are completed. We ask whether they have ever been required to restate NAVs, fees or other calculations, and, if so, why. We strive to conduct these interviews separately, and to have PGS' head of Operations and Risk Management involved in such interviews.

Without identifying every individual item covered in the on-site interviews, the following chart summarizes the primary categories and provides an idea of some of the key considerations that we are examining, weighing or looking at/for:

Management	Operations
<ul style="list-style-type: none"> • History of the Firm/Business Objectives <ul style="list-style-type: none"> - how founded - why founded - any change in focus/vision over time - firm capitalization/time horizon • Corporate Organization • Background & Experience of Key Individuals <ul style="list-style-type: none"> - is there depth to the firm - is there any key personnel risk in strategic areas - compensation structure/key individuals have incentive - ownership - registrations • Assets Under Management/Client Base <ul style="list-style-type: none"> - history of growth/decline - significant withdrawals? - capacity - diversity of client base - client screening procedures (hot money) • Products <ul style="list-style-type: none"> - pari passu issues - separately managed accounts? - is strategy that we are examining firm's primary focus? • Investment Philosophy • Investment Strategy & Methodology <ul style="list-style-type: none"> - questions relating to particular strategy/asset class - markets/instruments - degree of illiquid investments - ability to articulate the strategy and methodology - what makes the strategy/methodology unique - discernable edge? - discipline in investment process? - consistency in responses among the key individuals? - consistency with answers provided in DDQ? • Performance Attribution <ul style="list-style-type: none"> - sources of return - "best" & "worst" environments - explanation of drawdowns • Risk Management <ul style="list-style-type: none"> - how separated from trading / dedicated team for this? - who is looking - how does the manager define risk relative to the strategy? - is risk quantified? How? - how does the manager address downside performance? - any predetermined levels for reducing exposure? - are cut-back levels automatic or "review" levels? - any rules legally mandated by documents? - how does the manager address liquidity risk - do redemption policies conform to liquidity profile? - counterparty risk • Transparency Issues • Personal Qualities <ul style="list-style-type: none"> - "can we work with these people?" 	<ul style="list-style-type: none"> • Policies and Procedures <ul style="list-style-type: none"> - trading <ul style="list-style-type: none"> authorized persons how are trades executed? - back office <ul style="list-style-type: none"> daily reconciliation? on-site or outsourced? - accounting - pricing <ul style="list-style-type: none"> valuation techniques/frequency pricing sources independent NAV's (if applicable)? - liquidity <ul style="list-style-type: none"> how managed? - cash management <ul style="list-style-type: none"> authorized persons for cash movement • Operational Controls • NAV's <ul style="list-style-type: none"> - independence - timing - any re-statement? • Reporting <ul style="list-style-type: none"> - procedures - timeliness of information - what reports are available? • Counterparties <ul style="list-style-type: none"> - ISDA and CSA arrangements - multiple FX prime brokers? - OTC transactions? • Systems <ul style="list-style-type: none"> - automated versus manual tasks - software & hardware in place - backup procedures • Compliance • Disaster Recovery & Contingency Plan

Following the on-site visit(s), a decision is made to reject; place on the watch list; accept or place on "active due diligence", meaning that the prospective manager is one of the first in line for continued work to eventually be proposed to PGS' Investment Committee

for approval. The next steps to be taken include a documentation review, which consists not only of the offering documents and fund constitutional documents, but also service provider agreements, e.g., administration agreement and prime broker agreement, if attainable. We will also review the audit records, perform reference checks, speak to service providers and perform more “independent” checks through our global network to assess industry reputation. This is an important item, which should not be taken lightly. More than once we have been able to learn about impending structural changes in a firm which could have an adverse impact on a manager or cases where someone invested with a manager and never experienced returns remotely anything like the returns which the manager reports for the same time period.

If the review proceeds successfully up through this point, a prospective manager will be submitted to PGS’ Investment Committee, which will deliberate and vote on whether to place such manager on our Short List of managers to whom we may potentially allocate.

Uniqueness PGS Quantitative Analysis:

PGS’ hedge fund manager extensive due diligence process comprises both quantitative and qualitative analysis. Consideration for potential investments begins with quantitative analysis by attempting to identify a universe of managers with acceptable performance. For investment decisions, the manager places greater emphasis on qualitative analysis results

The first distinguishing feature of PGS’ quantitative analysis is our internally created proprietary database (versus commercially-available databases).

Proprietary Database

There are approximately 3,300+ funds in PGS’ proprietary database. To analyze managers, PGS relies exclusively upon such database, which allows PGS to perform various kinds of analysis that commercial databases do not support, and to use historical performance data PGS has “scrubbed” or independently developed/confirmed. There are 4 major items that distinguishes our proprietary database from commercially-available databases and, thus, enhance our process. These items are: Names Covered; Strategy Classification; Vetted Data; and Qualitative Information, as follows:

1. Names Covered

PGS CEO, Virginia R. Parker first began building the database over fifteen years ago. The data in such database extends as far back as over 24 years. Due to its longevity and due to the Firm’s global network and sourcing capabilities, there are strong managers in our database that do not appear in the commercially available databases. Our database also contains not only the reported track records for managers’ pooled vehicles, but also the track records of separately managed accounts that managers have run for PGS and our clients over the years, which may be more applicable for certain types of analysis (and make for interesting

comparisons with reported analysis!). Finally, a separate section of our database includes the performance information of managers who have gone out of business or track records of programs that certain managers may have ceased trading in favor of launching new products. Such information is helpful in addressing survivorship bias and referencing managers that may try to “resurrect” themselves at a new firm or via a new strategy/product.

2. Strategy Classification

Commercial databases use extremely broad strategy classification/labels. There are two major problems with this categorization. Firstly, the classifications are so broad that we find that many managers are mis-classified or lumped into a group into which they really do not fit. Secondly, such broad classification is not effective for applications such as searches; strategy universe construction; peer group analysis or portfolio scenario analysis. For our proprietary database, therefore, we have developed a very specific classification system by: (i) Strategy; (ii) Sub-strategy; and (iii) Focus. “Strategy” is the broadest level (e.g., “Long/Short Equity”), of which there are 10 separate categories. At the next level, each “Strategy” is then broken down by “Sub-Strategy” (e.g., “US Equity Long/Short”), of which there are 30, overall. Finally, each “Sub-Strategy” is further broken down to the most specific level or “Focus” (e.g., “US Long/Short Equity - Small/Mid Cap - Fundamental”), of which there are 139. This classification provides us with flexibility and relevance in our quantitative analysis, and more effective portfolio construction and peer group analysis.

3. Vetted Data

We have found that commercially-available databases contain an alarming amount of inaccurate performance data (meaning that it differs from the actual reported performance for the applicable fund in question). Each track record that is entered into PGS’ proprietary database must be “scrubbed” or independently confirmed before it is so entered. Sometimes this scrubbing process in and of itself can help eliminate a prospective manager from consideration if there are particular problems relating to the vetting of the track record. The final result is that PGS’ quantitative analysis is performed with clean data.

4. Qualitative Information

The majority of commercially-available databases contain limited or no relevant qualitative information. Users are left to perform quantitative analysis in a vacuum and compile qualitative data elsewhere. Over the years, PGS has made an effort to integrate the quantitative and qualitative elements into its proprietary database. To this end, we have established electronic links between the database and various qualitative information sources, such as On-Site Visit reports; Due Diligence Questionnaires; Offering Memoranda; Monthly Reports, etc. In this manner, the database becomes a comprehensive, electronic, due diligence/research database, housing all relevant items with respect to each manager; and not just an application for running some numbers.

More specifically as to purpose, quantitative analysis is performed to evaluate a prospective manager's performance (i) on an "outright" basis (i.e., what does the manager's performance look like "in-and-of-itself" or on a "stand alone" basis); (ii) relative to the specific markets traded in such manager's strategy; (iii) relative to other managers that fall under the same strategy classification (peer group analysis); (iv) relative to other manager's on PGS' active short list; (v) relative to those managers to whom we actively allocate; (vi) relative to various applicable alternative benchmarks; and (vii) relative to various traditional benchmarks. In this process, we are looking at dozens of statistical measures of risk and return over various time horizons and rolling time horizons, using monthly and daily return data (where possible). In the comparative analysis, we are also performing correlation analysis, including correlations with respect to upside performance and downside performance.

Without naming the dozens of statistics that are examined, it is helpful to note some of the analysis performed that is perhaps distinct from that which other allocators may be performing.

Firstly, it is important to note that performance is not just examined based on reported results but also on a "risk-adjusted" basis, whereby PGS applies a proprietary model that deducts interest and normalizes returns to a specified volatility level. We find that risk-adjusted analysis is particularly useful in comparative evaluations, as we believe that it allows both for an "apples-to-apples" comparison and better way of evaluating manager alpha. Secondly, we believe that the deliberate way in which we classify strategies, as described above, enables us to perform strong peer group analysis, as we are able to build very relevant proprietary strategy universes. From these universes, we are also able to construct our own proprietary indices or benchmarks. PGS has a long history in unique benchmark construction. As mentioned earlier, Ms. Parker developed and launched one of the first indices to measure the performance of active dedicated currency managers, in 1991. The Parker FX Index is a widely-recognized and accepted industry benchmark for such strategy. PGS also launched the Parker Emerging FX Index, the only benchmark designed to measure the performance of managers who invest in emerging markets currencies as an asset class, in 1998. PGS has applied this experience in constructing internal benchmarks from our proprietary peer group universes. We believe that such internal benchmarks are more useful than the broad alternative indices on the market. We have often found wide discrepancies amongst the major broad alternative indices for certain strategies. Also, given our experience in dealing with the issues involved in benchmark construction, we can address/have control over construction issues as survivorship bias and capitalization-weighted vs. equally-weighted. While we will perform comparisons with some of these alternative benchmarks, we do not place as much value here. One last thing to note is that, whenever possible, PGS examines daily performance for managers. We find such performance measurement, if the portfolios can be appropriately priced, considerably more revealing for correlation analysis to other managers and to the appropriate major indices. Also, daily returns are much more telling about volatility and drawdowns, the reality of which is often "masked" by monthly returns alone.

Some of the highlights of the analysis that is performed include not just strength of returns/risk-adjusted returns, but consistency of returns; performance ranges and averages; outperformance of certain hurdles and the risk-free rate; down-market performance and outperformance, as well as up-market performance and outperformance, which can be just as important. Risk analysis includes the review of variance of returns, amplitude of drawdowns and recovery, the examination of volatility, both on the upside and downside and relevant to the direction of the major equity and fixed income indices, and the application of our risk-adjusted model. We examine how each of the managers performed during crisis times like 1994, the summer of 1998 and September of 2001.

We analyse each manager's ability to recover. We also assess whether the manager's reported performance is realistic given the style and performance reported to PGS by other managers with a similar style. Peer group analysis involves the screening and percentile and outright ranking across the dozens of statistical measure, on both a reported and risk-adjusted basis. The same sort of scoring and ranking will be effected vis-à-vis our current short list and active managers.

For those managers deemed acceptable candidates following this quantitative process, we move to the next stage of due diligence, which is primarily qualitative in nature. It should be noted that, in making this decision, quantitative analysis with respect to the prospective manager does not simply end. In the final stages of due diligence, additional quantitative analysis is applied, such as, inter alia, portfolio review and testing; pricing testing, performance attribution and VaR analysis, if applicable. Such type of analysis is largely performed by PGS' Risk Management team; and enables us to obtain a good sense of the underlying portfolio and style of the manager, based on first-hand, objective data, rather than anecdotally from the manager. We perform quantitative analysis on live portfolio data, prior to allocating to a manager, in order to obtain an understanding of not only the manager's own positioning, style, biases, exposures, concentrations and attribution, but also of how such manager might fit in relation to those managers to whom we already actively allocate. Indeed, our emphasis on transparency and our ability to process positions and analyze the results allows us to determine a prospective manager's diversification potential in a much more significant way that goes beyond mere correlation coefficients.

Uniqueness Hedging Execution:

Hedges can be customized in accordance to client's wishes in relation to timing and specific underlying risk elements.

Authority, Members and Frequency of Investment Committee Meetings:

The Investment Committee has four primary responsibilities; i) articulating and implementing the secular themes that will have an impact on portfolio construction, ii) adding to or, deleting from the slate of approved managers, iii) determining portfolio

allocations and finally, iv) exercising ultimate responsibility for the integrity of the investment process by ensuring that current and new procedures ultimately reflect best practices in all aspects of research, risk management, operations and portfolio construction. The Investment Committee is comprised of the most senior members of the firm and includes 4 voting members (Virginia R. Parker, Ricky T. Babich, Faye Ryan, Jon Stein) and 1 non-voting members (Michael R. Parker). The Investment Committee meets monthly, or more frequently, if necessary.

Strategy Classification; Major Strategies Used; Major Asset Allocation:

Commercial databases use extremely broad strategy classification/labels. There are two major problems with this categorization. Firstly, the classifications are so broad that we find that many managers are misclassified or lumped into a group into which they really do not fit. Secondly, such broad classification is not effective for applications such as searches; strategy universe construction; peer group analysis or portfolio scenario analysis. For our proprietary database, therefore, we have developed a very specific classification system by: (i) Strategy; (ii) Sub-strategy; and (iii) Focus. "Strategy" is the broadest level (e.g., "Long/Short Equity"), of which there are 10 separate categories. At the next level, each "Strategy" is then broken down by "Sub-Strategy" (e.g., "US Equity Long/Short"), of which there are 30, overall. Finally, each "Sub-Strategy" is further broken down to the most specific level or "Focus" (e.g., "US Long/Short Equity - Small/Mid Cap - Fundamental"), of which there are 139. This classification provides us with flexibility and relevance in our quantitative analysis, and more effective portfolio construction and peer group analysis.

Allocation process

The portfolio construction process is a three step approach, comprising: (i) client/product profiling (the "background" against which construction takes place); (ii) strategy selection (macro, top-down); and (iii) manager selection (bottom-up).

The first step is to profile the client/product for which the particular portfolio in question is being constructed; as such profile will affect which strategies/managers are appropriate for inclusion. Here, we consider things such as return objectives, risk tolerance, term/duration, product liquidity, and any structural/operational or regulatory constraints. For example, a principal-protected product has considerations whereby the resultant portfolio would be different from that in respect of an open-ended, more aggressive product.

Strategy selection is taken very seriously. One can allocate to a top-performing manager in his/her asset class/strategy, but to what end, if the conditions are poor for the strategy (e.g., merger arbitrage in 2001). We try to use our investment experience as a team to apply our analysis and judgment. Although we certainly examine the historical returns of managers, we are more forward looking in our approach and consider what is currently

going on in the market. We do not try to market time, but we pay attention to the current and near-term environment. The strategy selection process employs qualitative analysis; qualitative assessment and review of the current market conditions/environment and the near to mid-term outlook. On the quantitative side, we perform analysis of approximately 25 alternative investment strategies, using indices as proxies, with data going back to 1990. We examine both reported performance as well as risk-adjusted performance, whereby we apply our model of deducting interest and normalizing returns to a set volatility level. In such process, we are looking at dozens of statistical measures of risk and return over various time horizons and rolling time horizons. Some of the highlights of the analysis that is performed include not just strength of returns/risk-adjusted returns, but consistency of returns over time; performance ranges and averages; outperformance of certain hurdles and the risk-free rate; down market performance and outperformance, as well as up market performance and outperformance, which can be just as important. Risk analysis includes the review of variance of returns, amplitude of drawdowns and recovery, the examination of volatility, both on the upside and downside and relevant to the direction of the major equity and fixed income indices, and the application of our risk-adjusted model. We are trying to note any particular performance patterns; persistence or cyclicity. We will also run correlation analysis, both outright, upside and downside, comparing the hedge fund versus various hedge fund strategies, as well as against traditional benchmarks/markets and various factors.

The foregoing quantitative analysis must be complemented with qualitative analysis to understand what is behind the numbers. For example, a high Sharpe ratio can still get you into trouble! The key considerations that we examine include (i) macro-economic conditions; (ii) key drivers; (iii) market risks; (iv) liquidity of investments/instruments; (v) operational demands; (vi) capacity constraints; and (vii) longevity of strategy. In addition, the frequent and high-level contact that we have with managers to whom we allocate keeps us well informed as to the current and near-term conditions for the strategy.

The foregoing considerations are overlaid with our own experience in allocating to the strategy in question. We believe that risk management is a very important component of the construction process, and, in this sense, we have historically had a strong preference for those strategies that are more liquid, that are more transparent and easier when it comes to pricing, and that embody operational simplicity. For these reasons, as mentioned previously, we have tended to avoid strategies such as Regulation D and Short-Only.

The exercise in strategy selection helps us to determine if (a) we want to include a particular strategy in the portfolio in the first place; (b) we should perhaps postpone allocation to a certain strategy when implementing the portfolio, as timing may not be favorable under current market conditions; or (c) how much weighting we should give to a particular strategy. The work we do in strategy selection will also help us when running scenario analysis at the manager selection level.

We are often asked about the drivers behind our decisions to over- or under-weight particular hedge fund strategies. Our investment horizon, in regards to investment strategy, is based off market cycles. When we feel the market cycle favors a particular strategy we will increase the strategy/manager exposure. The opposite applies when the market cycle is out of favor for a particular strategy. It is neither our policy nor style to automatically rebalance the portfolio on some sort of periodic basis back to the initial portfolio weighting. Any initial portfolio is constructed and implemented with weightings that tend to reflect both the current macro environment for strategies and the perceived role of each manager in the portfolio. Weightings on a strategy level are reviewed in accordance with normal Investment Committee procedures to ensure that they are consistent with the current macro environment and are adjusted accordingly. For example, 4 years ago, our global multi-strategy FoHFs tended to have over 60% of their allocations in credit and spread related strategies, including convertible arbitrage. Currently our allocations in this area are light as we await better opportunities. It is important to note that we are not specifically market timing/forecasting; but need to ensure that the given allocations make sense, given the current market environment. We believe it is more important to be more strategic, nimble and forward-looking. That being said, as part of evaluating our on-going allocation process, we do “benchmark” ourselves, comparing what the performance would have been had we rigidly stuck to our initial allocations, versus the actual performance reflecting the reality of the more dynamic process. In examining these comparisons, we have been satisfied that our dynamic rebalancing process has added value.

Securities Selection Process

Manager selection comes from our proprietary Short List. The individual work has been performed on each manager. A manager under consideration may, in our opinion, be a top manager, but, at the portfolio construction level, it is a question of (i) timing for the strategy in question (as discussed above); (ii) how well the particular manager fits with the program profile for which construction is being effected; and (iii) how well the manager’s profile fits with other potential managers on the short list for the portfolio.

In this regard, a manager is often seen as playing a certain role within a portfolio, e.g., as a source of consistency, small, incremental returns; an alpha generator; or as a diversifier in times of trouble for other strategies/managers. In general, we believe that a broadly diversified portfolio can be achieved with 15-20 managers, with a combination of directional and arbitrage strategies, as described above. We know that some of our peers may emphasize a much higher number of managers; but PGS is comfortable with funds ranging from 8 to 40 managers. We do not equally-weight but instead try to be strategic in our weightings. We typically make larger allocations to managers in whom we have the most confidence and whose strategy we believe will perform well over the coming 12 months. We tend to make smaller allocations to managers to whom we are just beginning to allocate or to those managers where we still feel the portfolio should have some exposure to a particular strategy, but with less weighting, based upon our macro considerations or where such strategy may be in a particular cycle. Generally, our largest

individual manager allocations in a diversified portfolio tend to range between 10%-12%, generally not exceeding 15% to any one manager.

While quantitative tools are employed, they serve more as guides; decisions that are made rely more heavily of the qualitative factors that have been heretofore discussed, with the quantitative output serving as a guide or check. We do employ an optimizer; and can perform both Markowitz efficient frontier as well as linear (on a variety of factors - e.g., Maximum Average 12-Month Return) optimization. We will run extensive quantitative portfolio scenario analysis, to see the effects of various combinations of managers, but the inputs or various optimizer constraints that we use in such scenario analysis come from our knowledge of current conditions for the strategy, our knowledge of the particular manager in question, and, again, what we are trying to achieve in terms of client/product profile. We are very careful to be forward looking and conscious of the fact that “back tested” proforma analysis is based upon historical results, which may not be repeated. In addition to the historical-looking scenario analysis, we do also run simulations that examine expected return, volatility and correction, applying both a Bootstrap approach and Garch approach. Again, such analysis is just one input/guide in the overall process.

Change in Investment Styles/Strategy (when/reason/effects) and Policy for Change:

PGS strives to be disciplined in the overall investment process with a top down thematic emphasis. While we emphasize or de-emphasize certain investment styles or strategies, changes are a result of our overall macro view.

Number of Investment Universes:

PGS uses 7 broad based style investment universes. These include directional hedge funds, non-directional hedge funds, managed futures, foreign exchange, Master Limited Partnership managers, alternative indexes, and long only managers.

Proprietary Tools for Investment Portfolio Management in Use:

To assist in the investment and portfolio management process, PGS utilizes a number of packaged software programs (RiskData, PerTrac, MatLab and Bloomberg) as well a number of proprietary programs that analyze performance and attempt to provide attribution to market factors and manager skill.

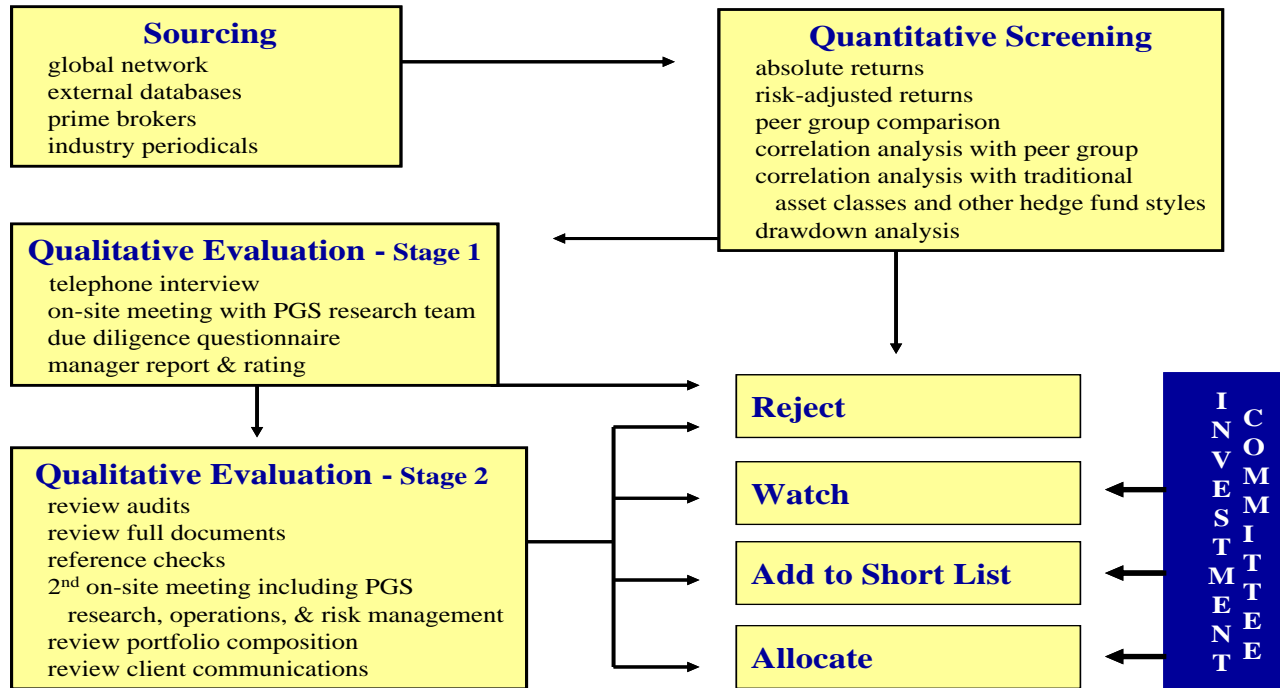
External Tools/Databases Utilized:

We have found that commercially available databases contain an alarming amount of inaccurate performance data (meaning that it differs from the actual reported performance for the applicable fund in question). Also, the majority of commercially available

databases contain limited or no relevant qualitative information. For these reasons, PGS created our own proprietary database of hedge fund managers. However, despite the external databases' shortcomings, we do subscribe to several external databases for the purposes of broad screening or initial referral only. Such external databases include HFR, Hedgefund.net, MAR/Hedge, Altvest, Investhedge, EuroHedge, AsiaHedge, and EurekaHedge. We also have access to a multitude of external databases provided to us by the capital introduction groups of prime brokers. Such databases can sometimes prove useful in terms of sourcing new managers by either geographical location or strategy focus. However, we would like to once again emphasize that, in performing due diligence on hedge fund managers, PGS relies solely on data contained in PGS' own proprietary database, which PGS has independently collected and vetted.

Process, including Sources of Data, Services Used and External Research Firms Used:

Due diligence and careful manager selection are imperative and PGS applies a thorough, diligent process. The chart below summarizes the basic process:



With respect to managers who have been approved for investment but to whom we have not yet allocated, due diligence does not stop simply because the manager has been approved. Non-active managers on PGS' proprietary Short List are monitored by PGS' Research Department. Each manager on such list is specifically assigned to a member of the Department. It is the responsibility of that person to ensure that we receive the ongoing monthly reports; firm notices; audited financials and any changes/updates to the due diligence documentation. Monthly performance numbers and assets under management are updated in PGS' proprietary database; and the monthly reports are thoroughly reviewed. Quantitatively, we re-run the one-page profile for the applicable manager each month so as to keep abreast of the manager's outright performance. (We maintain such a profile for each manager on the proprietary Short List). We will also re-run the peer group analysis for the applicable manager so as to ensure that such manager still ranks favorably in its category. To the extent that an approved manager begins to fall in its peer group ranking, we may consider actively replacing such manager on the proprietary Short List with a stronger manager in that category, if such replacement manager also meets the rigorous qualitative elements of due diligence. Qualitatively, we regularly monitor growth/decline in assets under management; changes in key personnel; changes in organization/firm structure; changes in strategy; and new products launched, to ascertain whether any new flags may have arisen. Since shrinking capacity with good managers is a major issue in this industry, it is imperative that, on a quarterly basis at a

minimum, members of PGS' Research Department conduct a formal capacity review with each manager on our proprietary Short List (including active managers and non-active managers) so that we can strategically plan allocations and be aware of possible upcoming needs to replace managers in certain categories as they approach their capacity limits before PGS has had the opportunity to invest. Such formal capacity review examines, for each manager of the proprietary Short List: (i) overall capacity of such manager for the strategy in question; (ii) the level at which such manager expects to "soft close"; (iii) the level at which the manager expects to "hard close"; (iv) current assets under management for the strategy in question; (v) the amount of monies that the manager will currently accept from PGS on an "at-once" basis (e.g., "how large an amount would you accept from us today?"); (vi) how much of the manager's overall capacity can PGS access for the life of the fund; (vii) any specific terms or conditions of accessing such capacity (e.g., "PGS can have x\$ million, subject to a one-year "use-it-or-lose-it" limit); and (viii) the dollar amount of additional money inflows that such manager expects to raise in the next 3 months (since we conduct the review on a minimum quarterly basis). In between formal capacity reviews, we will be actively monitoring each manager's assets under management each month, carefully tracking this against the manager's stated soft close level.

Sample Research Papers for Clients:

Virginia Reynolds Parker, CFA, Founder and Managing Member of PGS, frequently writes, speaks, and publishes articles on the Alternative Investments and other industry topics. Ms. Parker edited the 2nd edition of *Managing Hedge Fund Risk*, published in May 2005, by Risk Books. The first edition was among the very best selling books ever for Risk Books. The book contains chapters contributed by a number of prominent participants in the hedge fund industry. The book was the first hedge fund book focused specifically on risk management practices for hedge funds. Following the book's launch, Ms. Parker has been requested to speak at a number of conferences in the US, Europe, and Asia. Additionally, PGS has contributed a number of articles about manager research, due diligence, asset allocation, and foreign exchange to publications for the hedge fund industry. Many of these articles can be found on our website (www.parkerglobal.com) in the Articles and Research section. During 2005, PGS wrote two research papers, one on the opportunities on investing via hedge funds in energy and natural resources and the other on "green", or environmentally clean investment opportunities in hedge funds. During 2008, PGS published a paper on investing in Master Limited Partnerships (US Energy Infrastructure).

Portfolio Management

Targets on Limits on the Number and the Weight to a Sector, Single Position

When PGS constructs portfolios, our Investment Committee tries to be forward looking. We consider the macro economic influences and current market climate for each strategy. We then determine from a top down strategy perspective ranges within which we believe the portfolio should be allocated across strategies. PGS' Investment Committee looks at the current level and direction of interest rates in the major global countries, we examine global GDP, FX rates, interest rate spreads, interest rate volatility, new issuances of securities, and the direction of global equity markets. We also consider volatility in the global markets and the political landscape.

PGS' Investment Committee examines the recent performance of the universe of managers within these strategies to see whether recent performance may be "telling a story." We also pay attention to the liquidity and spreads in various markets, and try to think about what might go wrong in various markets or strategies. In the past, PGS has allocated as much as 65% to relative value, spread related strategies in a diversified portfolio. The climate has been more challenging for these strategies over the past 18 months. Therefore, PGS has reduced allocations here and increased to long/short equity and specialty sectors like water. We have also increased our allocation to macro, as we believe there will continue to be opportunities in directional market moves. In developing our macro view, PGS also looks at the performance of the HFR sub-indices and the performance of manager universes broken into quartiles. PGS examines the HFR indices from a quantitative perspective.

Targets and Limitation on the Number and the Size of Each Position:

We believe that an optimal number of hedge fund managers in a program depends on both the goals and the size of the mandate. For a \$50 and \$100 million dollar mandate PGS may invest in 10 to 35 hedge fund managers depending on the desired risk level. For a \$200 million dollar mandate we may have capacity issues with a few managers. We also may feel uncomfortable with dollar size and exposure to a few managers. We therefore would typically invest in 15 to 40 managers for a US\$200 million dollar mandate. For niche strategies we are comfortable allocating to as few as 3-4 managers.

Standard Size/Numbers of Position:

PGS takes a prudent approach with respect to investing in hedge funds, in that prospective hedge funds are usually evaluated on a case-by-case basis. While there are no absolute "minimum criteria", there are general guidelines that we follow, governed by our investment philosophy. We are often asked if we have a minimum requirement when

it comes to a hedge fund manager's assets under management. While we, again, do not have an absolute minimum, we would evaluate the amount: (i) relative to the manager's strategy (too small or too large to effectively implement); (ii) in terms of the nature of the manager's client base (number and type); (iii) in the context of the manager's liquidity provisions; and (iv) in terms of evaluating how much the manager needs to successfully support the manager's internal infrastructure/business, to the extent that the manager is relying on asset-based fees to do so. We would consider how large a portion of the manager's largest client is represented, and what sort of impact it would have on the portfolio if such a client redeemed in total, on an all-at-once basis.

Determining Position Liquidity:

Liquidity has historically been an important consideration in our hedge fund selection. Here we are talking about both the liquidity of our investment in the hedge fund vehicle (i.e., redemption provisions), as well as the liquidity profile of the underlying instruments/strategy, which the hedge fund manager employs. In terms of the instruments/strategy, we have a strong preference for more liquid instruments/strategies, which has meant that we have avoided strategies such as Regulation D, which can be highly illiquid or difficult to value. In terms of redemption provisions, PGS has historically invested in third party funds that have quarterly redemption periods or less. Where PGS has a separately managed account with a hedge fund manager, PGS receives daily liquidity from the manager.

We assume US Treasuries, currencies and most of the financial futures markets have a high degree of liquidity. For equities, we monitor the daily trading volume over time and the manager's position size relative to daily volume. Market events during the second half of 2008 demonstrated what happens when liquidity completely dries up in the credit and less liquid derivative markets. Although liquidity had been weakening throughout 2008, catastrophic conditions developed during the financial market meltdown. The significant liquidity mismatch between hedge funds' redemption provisions and underlying portfolio positions demonstrated the importance of differentiating between portfolio liquidity assumptions during normal versus crisis market conditions.

The Issue of the Correlation between Sector and/or Positions in the Portfolio:

In the event a central market factor results in a concentration risk in the portfolio, we may take one of the following actions: overlay hedge (if contractually provided for), reallocation amongst the existing managers and/or manager termination/hiring.

Gross and Net Exposure Control (Range/Current):

PGS controls gross exposure by manager selection.

Guidelines for Leverage Used:

In order to thoroughly answer this question, it is important to address the meaning of leverage. The meaning of leverage, in the purest sense, can be quite misleading. One cannot assess risk in a portfolio by considering leverage alone. For example, a portfolio composed of US Treasury bills that mature in one week that are leveraged 90 percent is far less risky, from a market risk perspective, than a portfolio of US bonds maturing in 20 years with no leverage. PGS prefers to consider VaR as a measurement of potential volatility risk of a position or a portfolio of positions. Of course, VaR has short comings, but we believe it is a more accurate gauge of market risk than leverage.

PGS defines leverage according to the strategy being employed. For long short equity, PGS considers leverage to be the gross exposure divided by the equity in the account. For example, if the long portfolio is 60% and the short portfolio is 50%, then the leverage would be $110\%/100$, or 1.1 times. For a bond portfolio, PGS applies a similar methodology. For a currency portfolio, PGS converts each currency into US dollars, looks at the size of the short dollar positions compared to the long dollar positions, takes the higher of the two, and divides by the equity, in dollar terms, of the portfolio.

For example if there are long dollar positions totalling US\$50 million and short dollar positions totalling US\$75 million, and the value of the equity in the portfolio is US\$60 million, then the leverage is $US\$75/60$, or 1.25 times. For a futures portfolio, we find leverage very misleading. Technically, we add up the gross face value of all of the positions and divide by the equity (NAV) in the account. We prefer to look at VaR and the margin to equity ratio to assess risk.

PGS considers leverage on a strategy by strategy basis. We compare the leverage that a manager uses with the amount that is typically used by other managers employing a similar investment style. In addition to leverage, we also consider the liquidity of the positions, the price discovery of the positions, and the size of assets that the manager runs for establishing our leverage limits. If we hire a manager to run a managed account, we want to let the manager run his portfolio the ways he has run it in the past, so that our limits do not adversely impact his performance. However, if we believe the manager uses/used too much leverage in the past, it is unlikely we would hire the manager. If we go into a manager's fund, we ask about the maximum leverage that the manager will use and then monitor leverage for those funds where we receive transparency. Additionally, we establish leverage limits at the portfolio level according to the types of hedge fund styles in the portfolio and the allocation to each strategy. We have always worked with clients in the past, establishing these limits prior to portfolio implementation. Leverage is based on gross market value divided by the NAV of the manager's portfolio. This is reviewed on a daily basis or as data becomes available. Parameters are established upon manager entrance into a fund, and are monitored and evaluated according to current market conditions and trend analysis. Leverage of the overall fund is based on the same principle for an individual manager. The manager's gross market value is aggregated

against the funds NAV. Managers that do not provide daily transparency are updated upon receipt of their information. The leverage for the fund is reviewed and compared to historical values and the leverage limit of the fund as established in the original mandate. Depending upon the mandate, PGS may have the ability to leverage the FoHF up to 50%.

Historically, PGS has avoided highly leveraged strategies.

Control Risk of the Sector Exposure:

On a monthly basis we measure factor exposure of each manager as well as total exposure. PGS may reduce a manager's allocation if PGS deems the risk too great.

Lending/Borrowing Arrangements:

Lending and borrowing arrangements are done by PGS' Client Services team.

Loss Cut Rule by Portfolio Manager (on drawdown basis or cost basis):

PGS does not have a hard "Loss Cut Rule" but formulates the decision according to the circumstances.

Portfolio Manager updates the Portfolio Risk Profile:

Depending on the nature of the portfolio we are able to update the risk profile daily if necessary. PGS monitors the positions and P&L for each portfolio in accordance with our agreements for each mandate but in a number of cases, monitoring is conducted daily, in some cases with real-time P&L.

Trading Execution Responsibility:

Operations Group is responsible for the submission of subscription and redemption orders along with tracking cash movements to support these transactions.

Collateral Management and Finance Control Responsibility:

Operations Group within PGS.

Risk Management/Tools

Risk Management Philosophy and Methodology (guideline settings):

PGS prides itself on the quality and sophistication of its risk management services. Our risk management philosophy combines both quantitative as well as qualitative analysis. We do not believe that one provides value without the other. PGS views quantitative risk analysis as a way to measure risk and qualitative risk analysis as a way to understand what the risks are within both the hedge fund investments and the overall portfolio. We believe that it is important to watch the change of the degree of risk and composition of risk going through time at both the hedge fund and FoHF level. Risk management is the responsibility of both the Risk team and the Research team. The Risk team measures the quantitative aspects and the Research team monitors the qualitative aspects of risk.

Successful risk management is a holistic approach beginning with strong upfront due diligence.

- Deliberate selection of risks – manager, organizational, market and operational
- Disciplined monitoring and controlling exposure once investments have been made – manager, organizational, market, and operational
- Continuous due diligence is the foundation for risk management

PGS believes its experience of monitoring managers in the markets on a daily basis has improved its due diligence process for hiring managers, strengthened its asset allocation techniques, and expedited its response times to performance, risk or operational issues with managers.

Monitoring Process and System:

The Investment Committee, the Portfolio analysts, the Risk manager and Risk analysts all participate in the monitoring process. The Investment Committee is responsible for portfolio management including reviewing portfolio performance, rebalancing, hiring and terminating managers, reporting changes to clients and PGS Operations team, and managing FX hedges, where applicable. The Portfolio Committee is responsible for assisting the Investment Committee in the portfolio monitoring process. On a weekly basis, PGS' Portfolio Committee formally meets to discuss the portfolios of the hedge funds to which we allocate. A Portfolio Analyst is specifically assigned to one or several managers; and such Portfolio Analyst prepares a formal analysis to be presented at the weekly meeting. The Portfolio Analyst will discuss, inter alia, the macro picture for the strategy of the hedge fund manager being examined; the current portfolio and positioning; performance attribution; any recent telephone conversations/communications

with the manager; and any changes/patterns/changes that he/she has observed over certain periods of time. Potential red flags, therefore, are covered here. Much of the information that is reviewed during these meetings is used to assist the Investment Committee in their decision-making. The Investment Committee monitors via p&l, Alternative Soft, PerTrac, proprietary analytics, and RiskData for factor analysis.

Additionally, PGS' operations team has a daily monitoring process which consists of five distinct parts as follows:

Information gathering: Operations Group collects the following data/information for portfolio valuation purposes:

- Trade uploads
- Position uploads
- Price uploads

Processing: Back-office responsibilities consist of the following on a daily basis:

- Trade valuation (separately managed accounts)
- Position valuation (using Bloomberg or other independent pricing source where specified)
- Profit & Loss calculations
- Daily Margin Requirements
- Income, fees and expenses
- Subscriptions/Redemptions
- Estimated Daily NAV

Reconciliations and Price Verification: Operations Group performs the following reconciliations on a daily basis:

- Daily trades – this reconciliation produces a daily trade break sheet that is forwarded to Managers and Prime Brokers for resolution
- Open positions
- Prices/Market Values
- Cash

PGS currently uses a sub-Administrator for its managed accounts for the above processes.

Review/Sign-off: Operations Manager independently reviews and signs off on the NAV components of the funds on a daily basis once received from the sub-Administrator.

Output: Daily Estimated NAV reports and direct uploads to the client web site

Authority of Risk Management Department:

The Risk Manager reports directly to the Investment Committee and to the Chief Investment Officer.

Monitoring Process:

PGS monitors through a combination of our P&L calculations, our accounting system, our position database, our sub-Administrator, our reconciliation with third party administrators, and our various risk systems. We monitor manager's performance on an absolute basis and on a relative basis against market indexes and peers.

Stress Tests and Scenario Analyses (test for concentrations of risk in portfolio, maximum concentration or risk limit at maximum VAR limit):

PGS monitors market risk through numerous ways some of which include VaR, sector exposure, asset class exposure, country exposure, currency exposure, stress testing, leverage analysis, liquidity analysis and concentrations.

VaR provides a quantitative overview of potential systematic losses related to the overall portfolio by consolidating the systematic risk of all asset classes. Like many of our risk parameters, VaR is used for trend analysis as well, which provides an indication of where the current risk level is relative to historical risk levels.

If the VaR of a fund is trending upward and past average or normal levels over a period of time, the investment committee will review the situation and determine what action, if any, to take. Other risk adjusted parameters used include the Risk ratio (P&L/VaR), similar to RORAC, and the Efficiency ratio (VaR/30-day P&L volatility). These ratios are used to evaluate a manager's systematic risk relative to their returns.

The use of sector, asset class, country and currency exposures on the fund level is again designed to give a relative value to the level of exposure within the portfolio. These concentrations are reviewed on a gross and net market value basis as a percentage of the fund's NAV.

Leverage is reviewed daily, where possible, to ensure that overall leverage does not materially deviate from the summation of all the underlying managers leverage parameters. Leverage is calculated on a gross market value / NAV basis. Futures are aggregated at principle value and options are aggregated at the delta equivalent.

PGS performs stress testing using both RiskData and AltSoft and are tested at both the hedge fund and at the FoHF level. Stress testing of the portfolios is performed as an additional measure for the current portfolio against particular and unusual market

conditions. PGS uses stress testing to augment VaR and position exposure to account for the area on the tails of the distribution curve. Where VaR accounts for the first two standard deviations in expected P&L (PGS applies a two standard deviation confidence interval), stress testing is intended to address returns outside this known area. Particular approaches to stress testing are related to movements in interest rates, the equity markets, currency markets, commodity markets, and fixed income markets. Equity markets are stressed 3, 5, 10 standard deviations in both directions with additional stresses to the liquidity of particular market capitalizations and sectors. Fixed Income markets are stressed by shifts up and down in the yield curve as well as tilts and twists in the curve (i.e., both parallel and non-parallel shifts). Currency markets are stressed by large movements in the JPY, EUR, and GBP currencies against the US dollar.

Red Flags/Exit Criteria (Loss Cut, VaR Limit, Reference Data Drawdown basis/Cost basis, Position basis/Portfolio basis etc.)

Just as we are disciplined in selecting strategies and managers, we strive to be equally careful with respect to manager termination, because we believe that improper termination can be detrimental to the overall success of a portfolio. Any one of the following circumstances, however, would cause us to terminate a manager:

- (i) A manager has suffered an extreme loss in significant excess of such manager's largest previous loss in the past and/or unexpected given the market conditions under which this loss was sustained;
- (ii) Structural changes have occurred in the market, which PGS believes may make the specific strategy in question no longer viable;
- (iii) There has been a departure of key personnel. The managers to whom we allocate in separately managed accounts are under contractual arrangement to notify us immediately of such departures. The managers to whom we allocate in third party funds are required to provide us with such information on the formal monthly report form;
- (iv) There has been a violation of the fund's trading policies/investment restrictions or breach of contract by the manager (in the cases of separately managed accounts where we have entered into an investment advisory agreement with such manager);
- (v) There has been a significant change in the manager's trading style and/or strategy (we hire managers for specific strategic purposes); or
- (vi) Fraudulent activities (To date, PGS has fortunately never had to terminate a manager for this reason).

We expect that managers will underperform from time to time. During periods of underperformance, we look for causes. We examine the applicable peer group performance. We look at whether underperformance can be attributed to market performance, poor portfolio management or poor risk management. We also consider the level of underperformance. Has the manager been flat to slightly down over an extended period, or has the manager suffered a loss considerably larger than in the past? Was the size of a major loss within the expectation of a two standard deviation move on the

downside, or larger? Was the loss due to one position or spread over many positions? Has the manager decided to change its style or adjust its model(s)?

We believe that our emphasis on transparency, the type of information that we receive from managers, our ability to effectively process such information, and our risk oversight and Portfolio Committee disciplines all serve to enable PGS to effectively identify red flags in a timely manner. We would also like to emphasize that the type of information that we require from managers includes qualitative elements that can signal red flags, e.g., growth/decline in assets under management; capacity considerations; changes in organizational structure and key personnel, etc.

Transparency of position information has always been at the core of how PGS runs its investment platform; and being able to not merely detect potential red flags but detect potential red flags on a timely basis is one of the major objectives with respect thereto. PGS receives transparency of position information from the majority of managers with whom we invest, at a minimum on a monthly basis. We receive such transparency not only from managers with whom we have established separately managed accounts, but also from third party funds. The majority of such position information is received electronically, directly from the fund's prime broker. On a regular basis, PGS personnel in the areas of Risk Management, Operations, Portfolio Committee and Investment Committee produce reports and analyze reports based upon such information. On a weekly basis, PGS' Portfolio Committee formally meets to discuss the portfolios of the hedge funds to which we allocate. A Portfolio Analyst is specifically assigned to one or several managers; and such Portfolio Analyst prepares a formal analysis to be presented at the weekly meeting. The Portfolio Analyst will discuss, inter alia, the macro picture for the strategy of the hedge fund manager being examined; the current portfolio and positioning; performance attribution; any recent telephone conversations/communications with the manager; and any changes/patterns/changes that he/she has observed over certain periods of time. Potential red flags, therefore, are covered here.

The following is a sample Portfolio Analyst Report for a long/short equity manager. Such report allows us to examine trend analysis across various exposure measurements including sector exposure. We can compare the strategy description and risk parameters with what is actually taking place in the portfolio over time. We can also identify trends in the portfolio which might raise concerns.

North American Long/Short Equity Manager Exposure Summary Jan-10 to Sep-10									
	Sep-10	Aug-10	Jul-10	Jun-10	May-10	Apr-10	Mar-10	Feb-10	Jan-10
Net Assets (\$mm)	\$ 265.0	\$ 247.0	\$ 253.0	\$ 251.0	\$ 257.0	\$ 264.0	\$ 246.0	\$ 223.0	\$ 218.0
MTD Performance	1.38%	-0.72%	0.58%	-1.22%	-1.15%	0.58%	0.52%	0.68%	-0.31%
Net Market Exposure	6.78%	4.60%	6.10%	6.30%	15.30%	12.00%	13.00%	12.30%	12.10%
Gross Long Exposure	38.70%	39.10%	38.40%	42.50%	47.70%	46.00%	47.90%	47.50%	45.20%
Gross Short Exposure	-31.92%	-34.50%	-32.30%	-36.20%	-32.40%	-34.00%	-34.90%	-35.20%	-33.10%
Gross Exposure	70.61%	73.60%	70.70%	78.70%	80.10%	80.00%	82.80%	82.70%	78.30%
# of Total Positions	128	141	138	150	149	155	142	145	138
# of Long Positions	72	84	84	88	95	96	82	84	81
Average Long Position	0.54%	0.47%	0.46%	0.48%	0.50%	0.48%	0.58%	0.57%	0.56%
# of Short Positions	56	57	54	62	54	59	60	61	57
Average Short Position	-0.57%	-0.61%	-0.60%	-0.58%	-0.60%	-0.58%	-0.58%	-0.58%	-0.58%
Sector Exposures	Sep-10	Aug-10	Jul-10	Jun-10	May-10	Apr-10	Mar-10	Feb-10	Jan-10
Basic Materials	-1.30%	0.30%	0.20%	-1.20%	2.00%	0.00%	-0.60%	-0.60%	0.80%
Biotechnology	1.60%	1.40%	0.90%	0.90%	1.00%	0.90%	0.50%	1.00%	0.50%
Capital Goods	2.70%	3.20%	2.90%	1.60%	0.60%	-0.10%	-0.60%	0.90%	-0.10%
Consumer Durable	-3.00%	-0.90%	-1.80%	-0.80%	1.90%	3.90%	3.00%	4.20%	3.50%
Consumer Non-Durable	1.20%	1.80%	2.40%	1.40%	2.40%	0.10%	0.60%	0.00%	0.60%
Consumer Services	6.00%	4.50%	5.70%	9.70%	8.90%	8.10%	7.00%	6.30%	6.20%
Energy	1.40%	1.30%	0.80%	0.60%	-0.20%	0.10%	1.30%	0.90%	0.80%
Finance	-1.70%	-0.70%	-0.60%	-0.50%	-0.50%	0.10%	-1.50%	-2.00%	-0.90%
Healthcare	1.60%	-0.10%	-0.40%	-0.10%	-0.90%	-0.90%	-1.20%	-0.70%	0.20%
Technology	7.70%	8.40%	7.70%	8.50%	11.50%	9.30%	12.10%	12.80%	11.50%
Telecommunications	-1.00%	-0.50%	-0.40%	-0.50%	-0.50%	-0.30%	-0.50%	-0.20%	0.30%

Style drift can occur for a number of reasons. Therefore, although direct examination of the portfolio via transparency is a very strong tool/advantage, one must also monitor changes in the fundamental factors that can lead to style drift. Against the background of such monitoring, the examination of the portfolio becomes even stronger as one can be even more “on-the-lookout”. In this regard, we monitor changes such as, e.g., growth/decline in firm assets under management; growth/decline in strategy assets under management; and any changes in key personnel on a monthly basis.

Such information is formally reported to PGS in writing on a monthly basis. In cases where the manager runs a separately managed account for PGS, the hedge fund manager is contractually required to report and notify PGS of any such changes, as well as to immediately notify PGS of any material change or reasonably anticipated material change in its business practices, management, key personnel, ownership or aggregate assets under management. The hedge fund manager is also contractually required to provide to PGS, upon request, with information regarding the performance of all other accounts managed by such hedge fund manager using a trading program the same as or similar to the program in which PGS is invested and an explanation of the material differences, if any, in performance between PGS’ investment and such other accounts. In addition, the hedge fund manager is also contractually required to inform PGS immediately if the hedge fund manager or any of its principals becomes the subject of

any investigation, claim or proceeding of any regulatory authority having jurisdiction over such person, or becomes a named party to any litigation.

Another key provision of the investment advisory agreement for separately managed accounts helps us monitor for potential red flags and trading policies for the separately managed account to which the applicable hedge fund manager must contractually adhere. These policies are designed to allow the manager to run portfolios the way he/she has done so in the past and to provide parameters that are agreed between PGS and the manager to ensure a common understanding of the mandate and the trading policies and procedures. The Investment Advisers Agreement describes the trading strategy which is expected to be employed by the hedge fund manager in trading the account, a specific list of permissible financial instruments and markets to be traded, approved counterparties with whom the manager may transact (both the prime broker and executing brokers are specifically named; the hedge fund manager may not transact with any other counterparties that are not so specifically designated and to do so would be a breach of the agreement), VaR limit (where applicable), leverage limits/gross/net long short exposure, where applicable, position, country, industry, sector limits, where applicable, and prohibited transactions.

The following is an example of a manager termination, where the red flag was style drift. PGS had successfully allocated to this US Equity Long/Short manager since the autumn of 1998; and had enjoyed steady, strong performance with this manager up until early 2001. At this point, the manager did not lose money; but was basically flat, in terms of P&L. Such manager had historically produced strong returns with very low net exposure. Any investor in such manager who did not have transparency may have been satisfied with such manager's flat performance in the latter part of 2001, given that this was a very challenging period for the US long/short equity universe.

PGS, however, through its transparency and Portfolio Committee process noted that, while overall net exposure remained low, in-line with the manager's historical and stated style, both the number of positions in the portfolio, looking from week to week over the period first dramatically increased in number from historical norm; then, just as rapidly decreased, until the portfolio only had 9 positions on in total - again, not in line with historical norm; and total dollar exposure had fallen way off. Such dramatic changes would not have been apparent to an investor with lack of transparency. For PGS, this signal immediately prompted a conference call with the principal/portfolio manager of the hedge fund manager to specifically address PGS' concerns about the current portfolio's historically low exposures and number of names. PGS wanted to get a better sense of the firm's intended direction and conviction, in terms of both infrastructure and investment. The "diminished" current portfolio had lead the Investment Committee members to question whether there was some sort of organizational problem that should be addressed or possible strategy/style drift and what were the prospects for alpha generation going forward. Many key factors were unearthed, including the negative impact of growth of assets under management, which caused them to both put on too many names and also make them more reluctant to short (saying that they were not inclined to run that large an asset base net short). The manager also admitted that he had

made a mistake in hiring too many new analysts in too short a time. The firm had tried to increase its analyst pool, more befitting a larger, more “institutional” shop. Such efforts did not work to the firm’s satisfaction. In the end, the principal was not satisfied with the quality of information that such new hires were providing. They ended up being, in the principal’s own words, “more traditional type of analysts”; too “market-driven”, with a tendency to “hit the panic button too fast”, all of which is not characteristic of the portfolio manager’s traditional/historical style. There were too many layers. Finally, when questioned at length about the portfolio’s persistent low exposure over the period, the manager was very defensive on this matter. Going forward, the manager noted that he had made a decision to change the direction of the firm. Rather than trying to be a US\$1 billion firm, he had decided to stay smaller and halt asset-raising activities. After deliberation of this call and the situation, PGS’ Investment Committee made the decision to terminate the manager. This turned out to be a good decision as the manager has continued to drift downward; again, not losing large amounts of money; but slightly down with continued low investment/conviction. PGS felt that monies could be better put to work elsewhere.

Stop Loss Limits (On a percentage basis, what is the maximum PGS will allow to lose on any one position before closing it out):

Whether PGS sets a maximum loss limit, depends upon our client. Some of PGS’ clients prefer to have maximum loss limits. The issue with these, from PGS’ perspective, is that depending upon the circumstances, it may be better to wait to redeem. PGS believes that each situation is unique and that the current market climate must be considered, especially the contents of the portfolio. Nonetheless, where clients prefer a strict loss limit for each manager, PGS has established such in the past.

Frequency of Risk Management Department’s Update of Portfolio Risk Profile (every trade, daily, etc.):

Monthly for all hedge funds and portfolios although it can be more frequently if the situation warrants. For products with managed accounts, this is done daily.

Investment Horizon, Average Holding Period, Turnover (including the average length of time positions are held):

PGS’ top down view looks out 18 months. We have found that our average turnover for a hedge fund investment is 15-20% per year, which makes the average holding period about 5 years.

Procedures and Preparation for Catastrophic Market Conditions:

The second half of 2008 presented the most challenging market environment since PGS has been in business. As we previously predicted (not the timing but the characteristics), there were extended major market dislocations, prolonged illiquidity, and a large,

extended “overhang” demand for massive liquidations on a global scale. We experienced a maximum drawdown during this extreme market of over 13%, several times what we had previously predicted. Credit markets were frozen and mark downs significant. Equity markets plummeted as well. During such periods, liquidity is key. We believe the worst is over. Nonetheless, we have increased allocations to very liquid strategies including equities and futures. The equity market beta continues to be low.

In the case of separately managed accounts, PGS has the ability to intervene, instruct the manager to reduce positions/exposures or instruct the manager to close out positions immediately, if the conditions warrant. In other instances, for some FoHF mandates, PGS has the ability to apply an overlay hedge with respect to the portfolio which could help in certain situations. For portfolios where PGS has the discretion for hedge overlays, PGS has hedged against the risk of market collapse using futures instruments. We may hedge using equity index futures, interest rate or bond futures, or currency futures or OTC positions. PGS prefers not to use options for hedging, as sometimes liquidity can become an issue and volatility becomes quite high during times of market turmoil, which makes options quite expensive for hedging. Also, options introduce many other types of risks not present in futures instruments. Before hedging, PGS looks at the key drivers in the portfolio, to determine which markets we believe should be hedged.

We also monitor counterparty risk regularly at the Trust and the hedge fund level. We are in the process of adding JP Morgan as a counterparty for FX hedging and free cash balances.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been and are not currently involved in any legal or disciplinary events related to past or present activities requiring disclosure in response to this item.

Other Financial Industry Activities and Affiliations

Activities:

PGS maintains active affiliations with the following professional organizations:

Alternative Investment Management Association (AIMA)
National Association of Publicly Traded Partnerships (NAPTP)
State Association of County Retirement Systems (SACRS)
CFA Institute

Affiliations and Registrations:

PGS is registered with the Securities and Exchange Commission as an Investment Adviser under the US Investment Advisers Act of 1940. PGS is also registered as a commodity pool operator and a commodity trading adviser under the US Commodity Exchange Act and is a member of the US National Futures Association. An affiliated company is a SEC registered broker/dealer with FINRA, engaged in the private placement of securities. In addition to having an internally dedicated sales force, PGS will periodically engage Third Party Marketers to assist in its marketing efforts.

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

Code of Ethics

This Code of Ethics (“Code”) has been adopted by PGS and is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”), and other regulatory entities (including FINRA and NFA).

This Code establishes rules of conduct for all employees and is designed to, among other things, govern personal conduct, client information confidentiality, insider trading activities and personal securities investments. The Code is based upon the principle that PGS and its employees owe a fiduciary duty to PGS's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by PGS continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee.

Pursuant to Section 206 of the Advisers Act, both PGS and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that the PGS has an affirmative duty of utmost good faith to act solely in the best interest of its clients PGS and its employees are subject to the following specific fiduciary obligations when dealing with clients:

- i the duty to have a reasonable, independent basis for the investment advice provided;

- ii the duty to obtain best execution for a client's transactions where the Firm is in a position to direct brokerage transactions for the client;
- iii the duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs and circumstances; and
- iv a duty to be loyal to clients.

In meeting its fiduciary responsibilities to its clients, PGS expects every employee to demonstrate the highest standards of ethical conduct for continued employment with PGS. Strict compliance with the provisions of the Code shall be considered a basic condition of employment with PGS. PGS's reputation for fair and honest dealing with its clients has taken considerable time to build. This standing could be seriously damaged as the result of even a single securities transaction being considered questionable in light of the fiduciary duty owed to our clients. Employees are urged to seek the advice of Stephen Brandt ("Brandt"), the Chief Compliance Officer ("CCO"), for any questions about the Code or the application of the Code to their individual circumstances. Employees should also understand that a material breach of the provisions of the Code may constitute grounds for disciplinary action, including termination of employment with PGS.

The provisions of the Code are not all-inclusive; rather, they are intended as a guide for employees of PGS in their conduct. In those situations where an employee may be uncertain as to the intent or purpose of the Code, he/she is advised to consult with "Senior Management", who may grant exceptions to certain provisions contained in the Code only in those situations where it is clear, beyond dispute, that the interests of our clients will not be adversely affected or compromised. All questions arising in connection with personal securities trading should be resolved in favor of the client even at the expense of the interests of employees.

The CCO will periodically report to senior management of PGS to document compliance with and recommend changes (where applicable) to the Code.

Code of Ethics: Standards of Business Conduct

PGS places the highest priority on maintaining its reputation for integrity and professionalism. That reputation is a vital business asset. The confidence and trust placed in our firm and its employees by our clients is something we value and endeavor to protect. The following Standards of Business Conduct sets forth policies and procedures to achieve these goals. This Code is intended to comply with the various provisions of the Advisers Act and also requires that all supervised persons comply with the various applicable provisions of the Investment Company Act of 1940, as amended, the NFA, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and applicable rules and regulations adopted by the Securities and Exchange Commission ("SEC").

Section 204A of the Advisers Act requires the establishment and enforcement of policies and procedures reasonably designed to prevent the misuse of material, nonpublic information by investment advisers. Such policies and procedures are contained in this Code. The Code also contains policies and procedures with respect to personal securities transactions of all PGS's supervised persons as defined herein. These procedures cover transactions in a reportable security in which a supervised person has a beneficial interest in or accounts over which the supervised person exercises control as well as transactions by members of the supervised person's immediate family.

Section 206 of the Advisers Act makes it unlawful for PGS or its agents or employees to employ any device, scheme or artifice to defraud any client or prospective client, or to engage in fraudulent, deceptive or manipulative practices. This Code contains provisions that prohibit these and other enumerated activities and that are reasonably designed to detect and prevent violations of the Code, the Advisers Act and rules there under.

Loyalty, prudence and care: PGS or its agents or employees have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment. PGS or its agents or employees must act for the benefit of its clients and place their clients' interests before their own. In relationships with clients, PGS or its agents or employees must determine applicable fiduciary duty and must comply with such duty to persons and interests to whom it is owed.

Code of Ethics - Prohibition Against Insider Trading

Introduction

Trading securities while in possession of material, nonpublic information, or improperly communicating that information to others may expose supervised persons and PGS to stringent penalties. Criminal sanctions may include a fine of up to \$1,000,000 and/or ten years imprisonment. The SEC can recover the profits gained or losses avoided through the illegal trading, impose a penalty of up to three times the illicit windfall, and/or issue an order permanently barring you from the securities industry. Finally, supervised persons and PGS may be sued by investors seeking to recover damages for insider trading violations.

The rules contained in this Code apply to securities trading and information handling by supervised persons of PGS and their immediate family members.

The law of insider trading is unsettled and continuously developing. An individual legitimately may be uncertain about the application of the rules contained in this Code in a particular circumstance. Often, a single question can avoid disciplinary action or complex legal problems. You must notify the CCO immediately if you have any reason to believe that a violation of this Code has occurred or is about to occur.

General Policy

No supervised person may trade, either personally or on behalf of others (such as investment funds and private accounts managed by PGS), while in the possession of

material, nonpublic information, nor may any personnel of PGS communicate material, nonpublic information to others in violation of the law.

1. What is Material Information?

Information is material where there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions. Generally, this includes any information the disclosure of which will have a substantial effect on the price of a company's securities. No simple test exists to determine when information is material; assessments of materiality involve a highly fact-specific inquiry. For this reason, you should direct any questions about whether information is material to Brandt.

Material information often relates to a company's results and operations, including, for example, dividend changes, earnings results, changes in previously released earnings estimates, significant merger or acquisition proposals or agreements, major litigation, liquidation problems, and extraordinary management developments.

Material information also may relate to the market for a company's securities. Information about a significant order to purchase or sell securities may, in some contexts, be material. Prepublication information regarding reports in the financial press also may be material. For example, the United States Supreme Court upheld the criminal convictions of insider trading defendants who capitalized on prepublication information about The Wall Street Journal's "Heard on the Street" column.

You should also be aware of the SEC's position that the term "material nonpublic information" relates not only to issuers but also to PGS's securities recommendations and client securities holdings and transactions.

2. What is Nonpublic Information?

Information is "public" when it has been disseminated broadly to investors in the marketplace. For example, information is public after it has become available to the general public through a public filing with the SEC or some other government agency, the Dow Jones "tape" or The Wall Street Journal or some other publication of general circulation, and after sufficient time has passed so that the information has been disseminated widely.

3. Identifying Inside Information

Before executing any trade for yourself or others, including investment funds or private accounts managed by PGS ("Client Accounts"), you must determine whether you have access to material, nonpublic information. If you

think that you might have access to material, nonpublic information, you should take the following steps:

- i Report the information and proposed trade immediately to Brandt.
- ii Do not purchase or sell the securities on behalf of yourself or others, including investment funds or private accounts managed by the firm.
- iii Do not communicate the information inside or outside the firm, other than to Brandt; and
- iv After Brandt has reviewed the issue, the firm will determine whether the information is material and nonpublic and, if so, what action the firm will take.

You should consult with Brandt before taking any action. This degree of caution will protect you, our clients, and the firm.

4. Contacts with Public Companies

Contacts with public companies may represent an important part of our research efforts. The firm may make investment decisions on the basis of conclusions formed through such contacts and analysis of publicly available information.

Difficult legal issues arise, however, when, in the course of these contacts, a supervised person of PGS or other person subject to this code becomes aware of material non-public information. This could happen, for example, if a company's Chief Financial Officer prematurely discloses quarterly results to an analyst, or an investor relations representative makes selective disclosure of adverse news to a handful of investors. In such situations, PGS must make a judgment as to its further conduct. To protect yourself, your clients and the firm, you should contact Brandt immediately if you believe that you may have received material, non-public information.

5. Tender Offers

Tender offers represent a particular concern in the law of insider trading for two reasons: First, tender offer activity often produces extraordinary gyrations in the price of the target company's securities. Trading during this time period is more likely to attract regulatory attention (and produces a disproportionate percentage of insider trading cases). Second, the SEC has adopted a rule which expressly forbids trading or "tipping" while in the possession of material, non-public information regarding a tender offer received from the tender offer or, the target company or anyone acting on behalf of either. Supervised persons of PGS and others subject to this Code should exercise caution any time they become aware of non-public information relating to a tender offer

Code of Ethics: Personal Securities Transactions

General Policy

PGS has adopted the following principles governing personal investment activities by PGS's supervised persons:

- i the interests of client accounts will at all times be placed first;
- ii all personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility.

Participation or Interest in Client Transactions

PGS and its employees may at times buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the PGS "Policies & Procedures Manual".

The CCO of PGS reviews all employee trades each month. His personal trades are reviewed by the CEO. The personal trading reviews ensure that the personal trading of employees was not based on inside information and that the clients of the firm receive preferential treatment. The trades are not of a significant enough value to effect the securities markets.

Code of Ethics - Protecting the Confidentiality of Client Information

Confidential Client Information

In the course of investment advisory activities of PGS, the firm may gain access to non-public information about its clients. Such information may include a person's status as a client, personal financial and account information, the allocation of assets in a client portfolio, the composition of investments in any client portfolio, information relating to services performed for or transactions entered into on behalf of clients, advice provided by PGS to clients, and data or analyses derived from such non-public personal information (collectively referred to as 'Confidential Client Information'). All Confidential Client Information, whether relating to PGS's current or former clients, is subject to the Code's policies and procedures. Any doubts about the confidentiality of information must be resolved in favor of confidentiality.

Non-Disclosure of Confidential Client Information

All information regarding PGS's clients is confidential. Information may only be disclosed when the disclosure is consistent with the firm's policy and the client's direction. PGS does not share Confidential Client Information with any third parties, except in the following circumstances:

- i as necessary to provide service that the client requested or authorized, or to maintain and service the client's account. PGS will require that any financial intermediary, agent or other service provider utilized by PGS (such as broker-dealers or sub-advisers) comply with substantially similar standards for non-disclosure and protection of Confidential Client Information and use the information provided by PGS only for the performance of the specific service requested by PGS;
- ii as required by regulatory authorities or law enforcement officials who have jurisdiction over PGS, or as otherwise required by any applicable law. In the event PGS is compelled to disclose Confidential Client Information, the firm shall provide prompt notice to the clients affected, so that the clients may seek a protective order or other appropriate remedy. If no protective order or other appropriate remedy is obtained, PGS shall disclose only such information, and only in such detail, as is legally required; and
- iii to the extent reasonably necessary to prevent fraud, unauthorized transactions or liability.

Employee Responsibilities

All supervised persons are prohibited, either during or after the termination of their employment with PGS, from disclosing Confidential Client Information to any person or entity outside the firm, including family members, except under the circumstances described above. A supervised person is permitted to disclose Confidential Client Information only to such other supervised persons who need to have access to such information to deliver the PGS's services to the client.

Supervised persons are also prohibited from making unauthorized copies of any documents or files containing Confidential Client Information and, upon termination of their employment with PGS, must return all such documents to PGS

Any supervised person who violates the non-disclosure policy described above will be subject to disciplinary action, including possible termination, whether or not he or she benefited from the disclosed information.

All PGS employees and agents acknowledge and agree that any and all notes, memoranda, notebooks, records, programs, plans, lists, data, documents, disks, hard drives, tape drives, CD Rom and other computer hardware or software or other material in physical form which contain or embody Confidential Information and/or information relating to the business and affairs of PGS and its clients, whether created by Parker

Global Strategies, employees and agents or by others (collectively, the "Confidential Materials") which are in their possession and control are the sole property of PGS

Security of Confidential Personal Information

PGS enforces the following policies and procedures to protect the security of Confidential Client Information:

- i the firm restricts access to Confidential Client Information to those supervised persons who need to know such information to provide PGS's services to clients;
- ii any supervised person who is authorized to have access to Confidential Client Information in connection with the performance of such person's duties and responsibilities is required to keep such information in a secure compartment, file or receptacle on a daily basis as of the close of each business day;
- iii all electronic or computer files containing any Confidential Client Information shall be password secured and firewall protected from access by unauthorized persons;
- iv any conversations involving Confidential Client Information, if appropriate at all, must be conducted by supervised persons in private and care must be taken to avoid any unauthorized persons overhearing or intercepting such conversations.

Privacy Policy

As a registered investment adviser PGS, and all supervisor persons must comply with SEC Regulation S-P, which requires investment advisers to adopt policies and procedures to protect the "non-public personal information" of natural person clients. 'Non-public information', under Regulation S-P, includes personally identifiable financial information and any list, description, or grouping that is derived for personally identifiable financial information. Personally identifiable financial information is defined to include information supplied by individual clients, information resulting from transactions, any information obtained in providing products and services. Pursuant to Regulation S – P PGS has adopted policies and procedures to safeguard the information of natural person clients.

Enforcement and Review of Confidentiality and Privacy Policies

PGS CCO is responsible for reviewing, maintaining and enforcing PGS's confidentiality and privacy policies and is also responsible for conducting appropriate employee training

to ensure adherence to these policies. Any exceptions to this policy require written approval from PGS CCO.

Brokerage Practices

PGS may be granted discretionary authority to determine the securities to be used and the commission costs to be paid. In electing brokers, the Firm's primary consideration will be to obtain the most favorable net result for the client, which may not involve the lowest commission cost. However, in addition to the price of the security and the commission cost, the Firm may also take into account other considerations, including (i) the size and difficulty of the order, (ii) the apparent capability of the broker to complete the transaction, (iii) research services provided to the Firm by the broker, (iv) the financial strength of the broker and (v) marketing assistance, such as obtaining participation in new issues, providing bids and offers for securities that are thinly traded, and assisting in distribution of shares or interests in investment funds or partnerships. Research and related services furnished by brokers may include: written information and analyses concerning specific securities, companies, regions or sectors; market, financial and economic studies and forecasts; Statistical and pricing services; discussions with research personnel; attendance at seminars; risk management and performance analysis software; and other hardware, software, data bases and news, technical and telecommunications services and equipment utilized in the investment management process. Research services received from brokers may be used for the benefit of all clients. Clients may pay higher commissions than are obtainable from other brokers as a result of the firm's consideration of research services and the other factors identified above in addition to commission cost.

Direct Brokerage

PGS' policy and practice is to not accept advisory clients' instruction for directing a client's brokerage transaction to a particular broker-dealer. Clients may direct advisers to use a particular broker-dealer under various circumstances, including where a client has had a pre-existing relationship with the broker or participates in a commission recapture program, among other situations. Advisers may also elect not to exercise brokerage discretion and, therefore, requires clients to direct brokerage. Advisers should recommend to the clients the use of broker-dealers providing reasonable, competitive and quality brokerage services and advise clients if a client's directed broker does not provide competitive and quality services.

Review of Accounts

For Managed Account Funds, accounts are reviewed daily for those days the markets are open for trading in the U.S. Reviews encompass examining all transactions for the accounts including securities bought and sold, interest earned, calculation of the accounts value applying a current mark-to-market for each position and appropriateness of securities for the account.

Committees:

PGS committees include the Investment Committee, Implementation Committee, Portfolio Management Committee, and Risk Management Committee. Each committee includes representatives from various departments of the Firm. Committee members overlap to insure strong communication throughout the Firm for all accounts. Ultimately, The Managing Member, monitors the progress of each committee.

Investment Committee

Includes the most senior and experienced professionals in the Firm from Research, Risk Management, and Fund & Client Services. Responsible for portfolio management including reviewing performance, rebalancing, hiring and terminating managers.

Implementation Committee

Contract Negotiations with managers and clearing entities. Portfolio Structuring and legal set-up. Establish all operating agreements and offering documents.

Portfolio Committee

Responsible for monitoring all the hedge fund managers on the approved list. Portfolio Analysts report on the performance, underlying portfolio of positions, portfolio concentration and risk profile.

Risk Committee

Responsible for reviewing the daily NAV and risk reports, ensuring compliance with trading policies, and performing analysis of current opening positions. Responsible for reviewing the fund of hedge fund operations, policies and procedures and operational/accounting issues related to fund administration.

Additional Compensation Arrangements

PGS may enter into arrangements with third parties whereby the Firm will pay to third parties who introduce clients to the Firm a portion of the fees received by the Firm from such clients. Such arrangements will be fully disclosed to client in accordance with, and otherwise comply with, Rule 206(4)-3 under the Investment Advisers Act of 1940.

Soft Dollar Arrangements

Soft dollars generally refer to arrangements whereby a discretionary investment adviser is allowed to pay for and receive research, research related or execution services from a broker-dealer or third-party provider, in addition to the execution of transactions, in exchange for the brokerage commission for clients' accounts. Though PGS is not currently engaged in soft dollar arrangement, PGS CEO periodically monitors the firm's business relationships and advisory services to ensure regulatory compliance for research services or products being obtained on a soft dollar basis.

Custody

As a matter of policy and practice, PGS does not permit employees or the firm to accept or maintain custody of client assets. It is our policy that we will not accept, hold, directly or indirectly, client funds or securities, or have any authority to obtain possession of them. PGS will not intentionally take custody of client cash or securities.

In summary, PGS has investment authority only, is not a trustee, nor has general power of attorney, therefore under regulatory interpretation is deemed not to have a custody relationship.

In cases where PGS as a registered adviser is deemed to have custody because it either (a) actually holds securities or (b) has the authority to withdraw client funds because it has a general power of attorney or acts as general partner or a partnership, manager of an LLC, trustee of a trust, or in a similar capacity, then PGS will ensure that either

- the Fund will produce audited financials within 120 days of year end, or
- a formal custodian will be appointed to send a formal account statement to each investor, or
- the Fund's auditors will be engaged to conduct an unannounced audit.

The custody rule under the Investment Advisers Act of 1940 defines custody as "holding, directly or indirectly, client funds or securities, or having any authority to

obtain possession of them." The custody definition now includes three examples to clarify what constitutes custody for advisers as follows:

1. possession of client funds or securities, unless an adviser receives them inadvertently e.g., from a client. If the adviser returns them within three business days of receipt, custody can be avoided (inadvertent custody);
2. any arrangement which authorizes or permits an adviser to withdraw client funds or securities, e.g., a general power of attorney, direct debiting of advisory fees, etc.; and
3. any capacity, e.g., general partner of a limited partnership, trustee, etc., that gives an adviser, or supervised person, legal ownership or access to client funds or securities.

The custody rule requires advisers with custody to maintain client funds and securities with "qualified custodians," which include banks, registered broker-dealers, and certain foreign custodians, which provide at least quarterly account statements directly to the adviser's clients.

For advisers with custody who do use qualified custodians, the prior requirements of having a surprise annual audit and delivering an audited balance sheet as part of Form ADV Part II have been eliminated except as noted below.

For advisers with custody who do not use qualified custodians which send account statements directly to clients, they must still send quarterly account statements to clients and undergo an annual surprise examination by an independent public accountant to verify client funds and securities. The independent accountant must file its certificate Form ADV-E with the SEC within 30 days of the examination. Any material discrepancies found by the accountant must be reported to the SEC within one day. The requirement to deliver an audited balance sheet with Form ADV Part II has been eliminated for these advisers also.

In the event any employee of PGS receives funds, securities, or other assets from a client, such employee must immediately notify the Compliance Officer and arrange to return such funds, securities or other assets to the client within three business days of receiving them.

Procedure

PGS has adopted various procedures to implement the firm's policy and reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate which include the following:

Securities and funds of custodial clients are maintained with a qualified custodian or, in the case of accounts holding share of open-end mutual funds, the fund's transfer agent and held in the client's name or under PGS as agent or trustee for the clients;

- PGS has a reasonable belief that the qualified custodian(s) holding client assets provides at least quarterly account statements directly to those clients or an " independent representative" of their choosing that does not have a "control" relationship within the past two years with PGS;
- If PGS receives inadvertently from a client any funds or securities, these assets shall be returned to the client as soon as reasonably possible.
- No employee or supervised person of PGS shall knowingly accept actual possession of any client funds or securities. Persons receiving a request from a client to deposit assets with a qualified custodian may assist the client to complete necessary forms and/or mailings, but shall not take actual possession of the funds or securities.
- To avoid being deemed to have custody, PGS's procedures prohibit the following practices:
 - Any employee, officer, and/or the firm from having signatory power over any client's checking account;
 - Any employee, officer, and/or the firm from having the power to unilaterally wire funds from a client's account;
 - Any employee, officer, and/or the firm from holding any client's securities or funds in PGS's name at any financial institution;
 - Any employee, officer, and/or the firm from physically holding cash or securities of any client;
 - Any employee, officer, and/or the firm from having general power of attorney over a client's account;
 - Any employee, officer, and/or the firm from holding client assets through an affiliate of PGS where the firm, its employees or officers have access to advisory client assets;
 - Any employee, officer, and/or the firm from receiving the proceeds from the sale of client securities or interest or

dividend payments made on a client's securities or check payable to the firm except for advisory fees;

- Any employee, officer, and/or the firm from directly deducting advisory fees from a client's account.*

*Note: Typically advisers do obtain client authority to directly debit advisory fees from clients' accounts. If an adviser does directly debit fees, the adviser will be deemed to have custody. Advisers that do directly debit fees should treat the firm as having custody and tailor the firm's policy and procedures accordingly.

Investment Discretion

Subject to the investment objectives, policies and restrictions of each PGS Fund as set forth in the governing documents of such Funds, PGS has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Fund and client account, including the section of, and commissions paid to, broker-dealers. Discretionary authority facilitates placing trades in clients' accounts on their behalf so that we may promptly implement the investment policy that they have approved.

Conditions for Managing Accounts

PGS will offer investment advice to clients on the basis of a minimum investment. Only "accredited investors" or "qualified eligible participants" will be eligible to invest in the funds sponsored by PGS.

Limited power of Attorney

Clients must sign a limited power of attorney before PGS is given discretionary authority. The limited power of attorney is included in the qualified custodian's account application or our main custodians. For accounts not held with our main custodian, clients may sign a separate limited power of attorney document giving discretionary authority to PGS.

Voting Client Securities

PGS, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making

information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised.

Investment advisers registered with the SEC, and which exercise voting authority with respect to client securities, are required by Rule 206(4)-6 of the Advisers Act to (a) adopt and implement written policies and procedures that are reasonably designed to ensure that client securities are voted in the best interests of clients, which must include how an adviser addresses material conflicts that may arise between an adviser's interests and those of its clients; (b) to disclose to clients how they may obtain information from the adviser with respect to the voting of proxies for their securities; (c) to describe to clients a summary of its proxy voting policies and procedures and, upon request, furnish a copy to its clients; and (d) maintain certain records relating to the adviser's proxy voting activities when the adviser does have proxy voting authority.

PGS has adopted policies and procedures designed to ensure that client securities are voted in the best interests of the client and to address conflicts of interest. Each employee in a position to participate in or make decisions with respect to proxy voting must familiarize himself or herself with PGS's proxy voting policies and strictly adhere to its provisions.

Disclosure

PGS will provide conspicuously displayed information in its Disclosure Document summarizing this proxy voting policy and procedures, including a statement that clients may request information regarding how PGS voted a client's proxies, and that clients may request a copy of these policies and procedures.

Client Request for Information

- All client requests for information regarding proxy votes, or policies and procedures, received by an employee should be forwarded to Operations Department or the Compliance Officer.

In response to any request, PGS will contact the appropriate department to prepare a written response to the client with the information requested, and as applicable will include the name of the issuer, the proposal voted upon, and how PGS voted the client's proxy with respect to each proposal about which client required.

Voting Guidelines

For those accounts managed by PGS are typically invested exclusively in other investment funds, PGS ordinarily does not exercise any discretion with respect to voting of proxies on behalf of client accounts. In situations where PGS does vote a proxy on behalf of a client, unless otherwise instructed by a client, PGS will determine how to vote interests in hedge funds on a case-by-case basis. The Company does not have any authority to instruct hedge fund managers to vote underlying securities.

Conflicts of Interest

Conflicts of interest shall be addressed through the following three-step process:

(a) Identification of all potential conflicts of interest

Examples of potential conflicts of interest include:

- PGS or an affiliate manages a pension plan, administers employee benefit plans, or provides brokerage, underwriting, insurance, or banking services to a company whose management is soliciting proxies;
- PGS or an affiliate has a substantial business relationship with a portfolio company or a proponent of a proxy proposal and this business relationship may influence how the proxy vote is cast;
- PGS or an affiliate has a business or personal relationship with participants in a proxy contest, corporate directors or candidates for directorships;
- An officer or employee of PGS or an affiliate may have a familial relationship to a portfolio company (*e.g.* a spouse or other relative who serves as a director of a public company).

(b) Determination of material conflicts

The SEC has not provided any specific guidance as to how an investment adviser should analyze or determine whether a conflict is “material” for purposes of proxy voting. Thus, you may rely on traditional analysis of questions of materiality under the federal securities laws. You are encouraged to consult with the Compliance Officer on all questions of materiality.

(c) Establishment of procedures to address material conflicts

If you encounter a material conflict of interest with respect to a particular vote, you

should contact the Operations Department Director or the Compliance Officer to determine how to vote the proxy consistent with the best interests of your clients and in a manner not affected by your conflict of interest. Determination of voting in cases where a material conflict of interest exists shall be in the discretion of the PGS Operations Department Director. The Operations Department Director may opt for a voting procedure by which guidance is sought from PGS's clients, including the Board of Directors of a fund client, on matters involving a material conflict of interest.

Recordkeeping

Pursuant to SEC Rule 204-2, PGS shall retain the following five types of records relating to proxy voting where applicable:

- Proxy voting policies and procedures;
- Proxy statements received for client securities;
- Records of votes cast on behalf of clients;
- Written client requests for proxy voting information and written adviser responses to any client request (whether oral or written) for proxy voting information; and
- Any documents prepared by the adviser that were material to making a proxy voting decision or that memorialized the basis for the decision.

With respect to proxy statements received regarding client securities, where possible PGS shall rely on the SEC's electronic EDGAR system rather than maintaining its own copies. With respect to proxy statements and records of votes cast by PGS, rather than maintaining its own copies, PGS shall rely on records maintained by a third party such as a proxy voting service approved by the Operations Director, provided that PGS shall obtain an undertaking from such third party to provide a copy of these records promptly upon request. PGS shall maintain the records described above (other than proxy statements filed on EDGAR or records maintained by third parties) in PGS's office for two years; after two years such records shall be retained for an additional three years but may be moved to a place determined by the PGS Operations Director to be "easily accessible".

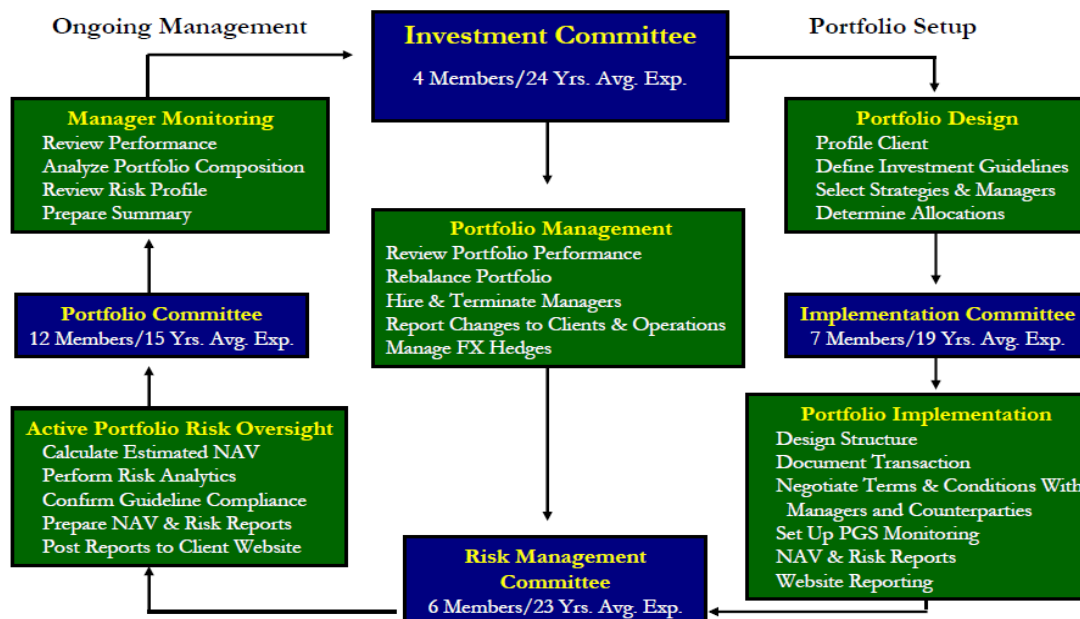
Financial Information

PGS does not have an obligation to provide a Balance Sheet because PGS, as previously stated, does not serve as a custodian for client funds or securities and does not have any prepayment arrangement where fees of more than \$1,200 per client are payable six months or more in advance. As PGS is a privately-held company, all internal financial statements prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). and, if required under regulation, can prepare an audited Balance Sheet compiled by an

independent accountant that would include notes describing principles used in preparing, valuation methodologies and any other disclosures required for clarity. PGS does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

Exhibit A

INVESTMENT PROCESS



The Implementation Committee is responsible for designing the structure of the investment, (i.e. corporation, trust, capital guarantee). This Committee is also responsible for documenting the transaction including such items as the offering memorandum and counterparty agreements. PGS selects counterparties for the transaction and negotiates terms and conditions with hedge fund managers and other counterparties to the transaction. The implementation process also includes setting up PGS monitoring systems for the portfolio, designing NAV and risk reports, and web based client reporting. Once a portfolio is fully operational, the work of the Implementation Committee is usually complete.

The Risk Management & Operations Committee is responsible for reviewing the FoHF operations, policies and procedures, and operational/accounting issues related to fund administration. In addition, members of this committee, as part of daily job responsibilities, are responsible for reviewing the daily NAV and risk reports, ensuring compliance with trading policies, and performing analysis of the current open positions. Ms. Parker is responsible for overlay hedges.

The Portfolio Committee is responsible for monitoring the hedge fund managers and the aggregate portfolios. Each hedge fund manager is assigned to one of the portfolio analysts included on the Committee. The portfolio analysts report on the performance, underlying portfolio of positions, and risk profile. The Risk Manager reports on the aggregate risk profile for the overall portfolio of managers.

The members of the Investment Committee include the most senior and experienced professionals in the Firm from the Research, Risk Management, and Fund & Client Services areas. The Investment Committee is responsible for portfolio management including portfolio performance review, rebalancing, hiring and terminating managers, managing FX hedges, and reporting investment process changes to both clients and the PGS Operations teams. Much of the information that is reviewed during the Portfolio Committee meetings is used to assist the Investment Committee in their decision-making.

ADV Part 2 Appendix 1- Wrap Fee Program Brochure

PGS does not act as an adviser or sub-adviser in any wrap fee program.