



FORM ADV - PART 2A

3/2012

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Item 1

This Brochure provides information about the qualifications and business practices of EIM Management (USA) Inc. ["EIM"]. If you have any questions about the contents of this Brochure, please contact us at 212-220-5584. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about EIM also is available on the SEC's website at www.adviserinfo.sec.gov. EIM Management (USA) Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Item 2 – Material Changes

Introduction to new Brochure

On July 28, 2010, the United States Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Since this is a major format change and new content has been included, we recommend clients and prospective clients review the entire brochure and its supplements.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time without charge.

Currently, our Brochure may be requested by contacting Client Services at 212 -371-9000 or e-mailing clientservices@eimusa.com.

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Item 4 – Advisory Business

EIM Management (USA) Inc (“EIM USA” or “EIM”) is a leading provider of tailor-made hedge fund solutions to institutional investors. Investment management clients include pension funds, endowments, foundations, corporations and family offices. EIM USA’s services primarily focus on designing customized hedge fund portfolios for Separately Managed Accounts (“Managed Accounts”) and Private Investment Vehicles (“PIVs”).

EIM USA provides clients with a multi-manager asset allocation program in response to each client’s specific investment objectives and restrictions. Allocations are made to hedge funds managed by third party investment organizations and/or affiliated entities, which in turn can invest in various kinds of securities such as, but not limited to; options, futures, short sales, commodities, currencies, derivatives, and/or other securities. Each Managed Account has its own unique investment objectives and investment guidelines and restrictions.

EIM USA was founded in 1999 as an SEC Registered Investment Advisor and incorporated under the laws of Delaware. EIM USA is part of the EIM Group which was founded in 1992. EIM USA is headquartered and maintains its sole office in New York City.

EIM USA had assets under management of approximately \$576,4000,000* as of December 2011. EIM USA managed \$312,800,000 in Discretionary and \$263,600,000 in Advisory (non-discretionary) mandates. *These figures differ from reportable AUM in the ADV Part 1 (Question 5F) as the AUM reported here has been rounded up to the nearest \$100,000 and also, consists of accounts in liquidation have been included in this computation.

In most instances, EIM USA will act as an Investment Manager, with sole discretion for asset allocation decisions. EIM USA may also be engaged as a non-discretionary Investment Advisor. In this capacity, EIM USA will make asset allocation recommendations and the Client can elect to follow or ignore any recommendations under this agreement. EIM USA can also be engaged as a Sub-Advisor, either on a discretionary or on an advisory basis. The Firm may serve as the General Partner or Managing Member to a Pooled Investment Vehicle.

Hedge funds managed by third party investment organizations and/or affiliated entities are selected on the basis of qualitative, quantitative and operational due diligence conducted exclusively by EIM USA or by affiliated EIM entities. Client portfolios are constructed and managed on the basis of qualitative analysis using proprietary models. All portfolios are managed using this multiple manager structure.

Once constructed, EIM USA provides continuous supervision of the portfolio based on its monitoring of each hedge fund, asset rebalancing requirements, market conditions and changing client circumstances or objectives.

Internal monthly reports are prepared and delivered for each client account via the Firm’s secure Webportal. Reports contain asset allocation data, current or estimated market value for each investment and performance results for various time periods, including results since the inception of the account.

Reports serve as the client's basis for monitoring investment results and achievement of their individual objectives.

EIM USA does not participate in or manage any wrap fee programs or accounts.

Item 5 – Fees and Compensation

EIM is a fee based advisor. The Firm generally receives a management and performance fee in accordance with each individually negotiated investment management agreement (“IMA”). Applicable fees are rendered according to the agreed upon fee schedule and are paid in arrears. Although fees are negotiable, EIM's fees are typically 1% management - 5% performance for full service accounts. Some clients have negotiated a fixed rate fee. Other fee arrangements may be negotiated based on such factors as asset size, investment mandate and constraints, scope of work and level of services provided – discretionary, advisory or sub advisor relationship.

Management fees are generally billed monthly. Accounts initiated during a calendar quarter will be charged a prorated fee. Upon termination of an account, any earned, unpaid fees will be due and payable in accordance with the IMA.

EIM may also buy and sell hedge fund interests and Synthetic Hedge Fund Products in secondary market transactions and clients may incur brokerage and other transaction costs in connection with these transactions.

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

EIM generally receives a performance fee (fees based on a share of capital gains or capital appreciation of the assets of the client) in accordance with the individual IMA. Applicable fees are rendered according to the agreed upon fee schedule. Performance fees are generally determined and payable in arrears based on the ending net asset value of the portfolio during such quarter.

The performance fee may be subject to a high watermark. EIM will charge performance fees in compliance with Rule 205-3 under the Investment Adviser Act of 1940. Since the performance fee is calculated on a basis that includes unrealized appreciation of assets, it may be greater than if such fee were based solely on realized gains.

Each Managed Account operates pursuant to a unique IMA. Since each IMA is separately negotiated with the client; the fees, liquidity, capacity, terms and terminations, and various other rights may differ from one client to another. EIM may provide certain information about the Advisor or its managed accounts to different clients at varying times, which may result in certain clients receiving such information before others.

From time to time, at the discretion of EIM, fees may be waived or reduced (by way of rebate or otherwise). Similar services may be available from other investment advisers for fees that may be higher

or lower than the fees charged by EIM. The income received by EIM for services rendered to clients is derived solely from investment fees.

In addition to the fees described above by EIM, there is a layering of management and performance fees by the underlying hedge funds. Underlying management fees typically range between 1% - 3% and incentive fees between 20% - 30% of the fund's performance. Other expenses borne by the client, either through the underlying hedge fund or through EIM's mandate, may include custodial, administrator, audit, legal and miscellaneous third party fees.

Performance-based fees may create an incentive for the firm to make riskier or more speculative investments than would be the case in the absence of performance-based compensation. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts (including accounts that may not pay a performance fee or accounts which pay a smaller performance fee) in the allocation of investment opportunities. EIM has adopted Fair Allocation Procedures to ensure that clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Employees are paid a competitive salary and an annual bonus based upon individual, group and company performance.

Agency Rebates

EIM has greatly reduced the potential conflict of interest with regard to agency rebates (rebates paid by individual hedge funds to fund-of-funds managers) by contractually committing to rebate back to its clients agency fees which EIM may receive. EIM's compensation, in these instances, is typically based on sharing of management fees and incentive fees with the underlying hedge fund. Pursuant to the clients' IMA, EIM will rebate such fees to the client, and the effective overall cost to the client will be reduced.

Item 7 – Types of Clients

Clients include institutional investors, public & private pension funds, endowments & foundations, and family offices. An IMA for a Managed Account will generally be with entities that would be determined to be "Accredited Investors" as defined in Rule 501(a) of Regulation D and "Qualified Purchasers" as defined in Section 2(a)(51) of the Investment Company Act of 1940. In the case of a Managed Account, EIM generally requires a minimum of \$50 million to ensure proper diversification, although this minimum may be waived by management when deemed appropriate.

EIM may be engaged as a General Partner or Managing Member to domestic or offshore Pooled Investment Vehicles ("PIV") on terms and conditions similar to those of our Managed Accounts. When managing a PIV, EIM does not consider the objectives of any individual investor in the PIV, but rather manages the PIV in accordance with the PIV's investment objectives. Details of investment strategies, risk factors, conflicts of interest and associated fees are described in their respective private placement memorandums ("PPM") and other offering documents. These entities will rely on the "exclusion" from

the definition of “investment company” for certain “private” investment companies provided by Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940 and an exemption from registration under the Securities Act provided by Regulation D. In addition, the pools may have 4.13 exemptions filed with the NFA. Please refer to ADV Part 1 Section 7b for additional details.

EIM may also be engaged as a sub-advisor to sponsors of institutional investment products on a discretionary or advisory basis.

Types of Investments

EIM provides clients with a hedge fund asset allocation program. The underlying hedge funds may invest in all kinds of securities such as, but not limited to; options, commodities, currencies, futures and derivatives and/or other speculative transactions. The hedge funds may execute a substantial portion of trades on foreign exchanges or OTC markets; the funds can use leverage, short selling, and securities lending as part of their investment strategies. Alternative investments may be very volatile and involve a high degree of risk, including, but not limited to; limited liquidity and transparency, subjective valuations, special tax considerations and limited regulatory oversight.

Secondary Market Transactions and Synthetic Hedge Fund Products

Upon Client authorization, EIM may also buy and sell hedge fund interests in secondary market transactions and may make investments in products designed to reflect the performance (or a multiplier of the performance) of an index that tracks hedge funds or a subset of hedge funds (“Synthetic Hedge Fund Products”).

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

Methods of Analysis

EIM uses a combination of qualitative, quantitative and operational due diligence in the manager selection process. The qualitative, quantitative and operational analysis is conducted through a series of on-site meetings with the hedge fund organizations.

EIM’s qualitative assessment methodology focuses in particular on the following factors:

- Investment strategy, process and portfolio construction
- Objective and style evaluation
- Risk management
- Performance/drawdown analysis
- Investor base and concentration
- Background/reference checks

EIM's quantitative assessment is based on proprietary statistical analysis methods. The primary objective of this analysis is to quantify:

- Peer group risk/return comparison
- Return distribution/dependencies
- Mapping analysis
- Portfolio diversification capability
- VaR and sensitivity analysis

EIM's operational due diligence and risk management assesses the legal and business risks of the hedge funds we invest in and focuses on the following:

- Organization/financial viability
- Legal and regulatory requirements
- Fund structure, costs and service providers
- Corporate Governance/Directors
- Compliance
- Operations, valuations and accounting controls
- IT/Systems and redundancy

Sources of Information

The Firm maintains an extensive proprietary database on hedge fund investment managers. New investment candidates may be developed through analysis of the database, the company's activities in the investment advisory community, among other sources.

EIM may utilize other information sources to identify, analyze and monitor the activities of hedge fund organizations which it employs in the management of client assets; including, but not limited to, information reported in newspapers and magazines, inspecting the activities of hedge fund candidates and existing managers through on-site visits, screening and analysis of third party statistical data and databases, in addition to careful review and analysis of fund prospectuses and periodic reports, if applicable.

EIM is using RiskMetrics' Hedge Platform Community (HPC) as its sole independent risk platform. Position information provided to RiskMetrics' HPC must come from a source independent of the manager, ideally the fund's administrator, or the prime broker(s). The use of an external platform ensures EIM can run any type of risk calculation it needs, without needing to know single underlying position.

Risk Factors

EIM's multi-strategy or multi-manager investment approach is generally subject to three basis investment-related types of risk:

- General and Regulatory Risks,
- Strategy Risk,
- Manager Risk

The following section discusses the above mentioned risks. However, this list is not intended to be an exhaustive list or a comprehensive description of the types of risks that any investor in hedge funds may encounter.

An investment in hedge funds is highly speculative and involves a high degree of risk. Investment in hedge funds is suitable only for sophisticated investors who fully understand and are capable of bearing such risks. No guarantee or representation is made that a hedge fund allocation will achieve its investment objective or that Investors will receive a return of their capital. There can be no assurance that the investment objective of a client mandate, including risk mitigation and diversification goals, will be achieved, and results may vary substantially over time.

General and Regulatory Risks

Investments in General. Certain hedge funds may experience financial difficulties, which difficulties may never be overcome. The Underlying Managers may utilize highly speculative investment techniques, including extremely high leverage, highly concentrated portfolios, workouts and startups, control positions, and illiquid investments. Investors will not have the ability to direct or influence the management of a hedge fund's investments.

Risks of Certain Investment Techniques. Hedge funds may employ a number of investment techniques, including the use of leverage, short sales, securities lending, investment in non-investment grade or nonmarketable securities, uncovered option transactions, forward transactions, futures and options on futures transactions, foreign currency transactions and highly concentrated financial products, among others, which could, under certain circumstances, magnify the impact of any negative market, sector or investment development. The use of such investment techniques is a highly specialized activity that may be speculative and that can expose the fund to significant risk of loss.

Market Risk. The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the equities and other markets. Unexpected volatility or illiquidity in the markets in which Underlying Managers hold positions could impair their ability to carry out their objectives or cause them to incur losses.

The hedge funds may also face the risk of suspension of trading on securities and commodities exchanges. Securities and commodities exchanges typically can suspend or limit trading in any instrument traded on its exchange. A suspension could render it impossible for an Underlying Manager to liquidate positions and thereby expose one or more Underlying Managers, to substantial losses. Further, all financial instrument investments present a risk of loss of capital. Such investments are subject to investment-specific price fluctuations as well as to macro-economic, market and industry-specific conditions, including, but not limited to, national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments such as the financial viability, sales and product lines of corporate issuers, national and international politics and governmental events, and changes in income tax laws.

Despite the heavy volume of trading in securities and other financial instruments, the markets for some instruments have limited liquidity and depth. This could be a disadvantage to the Underlying Managers, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

CFTC Regulatory Risk. On February 9, 2012, the CFTC adopted certain amendments to the regulations governing commodity pools, commodity pool operators, and commodity trading advisors (the "CPO-CTA Rulemaking"). As part of the CPO-CTA Rulemaking, the CFTC repealed the exemption from commodity pool operator registration under Rule 4.13(a)(4), which many Underlying Managers rely upon. The rescission of Rule 4.13(a)(4) in respect of Underlying Managers currently relying on the rule is effective on December 31, 2012. The rescission of the rule in respect of Underlying Managers not currently relying on the rule will be effective 60 days after the publication in the Federal Register of the CPO-CTA Rulemaking. This rescission will limit the ability of Underlying Managers to use futures, options and swaps (which in many cases are integral parts of such Underlying Managers' investment strategies) without requiring Underlying Managers to register as commodity pool operators, which would impose substantial additional regulatory and compliance burdens on such Underlying Managers and the hedge funds they manage. The rescission of Rule 4.13(a)(4) may adversely affect Underlying Managers' ability to manage the portfolios of their hedge funds and to achieve their hedge funds' investment objectives. These risks are likewise applicable to EIM.

The CPO-CTA Rulemaking also imposed additional reporting and disclosure obligations on commodity pool operators and this may too adversely affect EIM's ability to manage its client accounts and impair EIM's ability to achieve their clients' investment objectives, as well as Underlying Managers' ability to manage the portfolios of their hedge funds and to achieve their hedge funds' investment objectives. The CPO-CTA Rulemaking may, in particular, substantially increase regulatory compliance costs for EIM, Underlying Managers and hedge funds, and could have effects on the management of EIM's client accounts and Underlying Managers' hedge fund portfolios that are currently unforeseeable, that could reduce returns to investors and that could impair EIM's and Underlying Managers' abilities to achieve their respective clients' investment objectives.

United States Credit Rating Downgrade Risk. The events surrounding the recent negotiations regarding the U.S. federal government debt ceiling and the resulting agreement could adversely affect Underlying Managers' ability to achieve their hedge funds' investment objectives. On August 5, 2011, S&P lowered its long-term sovereign credit rating on the U.S. to "AA+" from "AAA." The downgrade by S&P could increase volatility in both stock and bond markets, result in higher interest rates and higher Treasury yields and increase the costs of all kinds of debt. These events could have significant adverse effects on the economy generally and could result in significant adverse impacts on securities issuers and hedge funds. EIM cannot predict the effects of these or similar events in the future on the U.S. economy and securities markets or on hedge fund portfolios or EIM's client accounts.

Government Investigations Risk. A far-ranging insider trading probe by federal authorities, including the SEC and the Justice Department, into the use of expert consultants is ongoing. The investigation focuses, in part, on whether material, non-public information was provided by expert consultants, including expert networks and independent research boutiques, to hedge funds and mutual funds. At the core of the investigation is whether any managers used so-called soft dollar payments for access to non-public information with the potential to impact stock prices. The implication of any of the Underlying Managers in this insider trading probe is likely to have an immediate and material adverse effect on such Underlying Managers and may result in investors seeking to redeem en masse from any such Underlying Manager's hedge funds, thereby materially impairing the value and liquidity of EIM's

clients' positions in such hedge funds. Any such mass redemption requests are likely to result in Underlying Managers liquidating their hedge funds' holdings at inopportune times and/or prices and are likely to result in suspensions of redemptions and/or the imposition of redemption gates.

European Debt Crisis Risk. Since 2010, several European Union (“EU”) countries, including Greece, Ireland, Italy, Spain, and Portugal, have faced budget issues, some of which may have negative long-term effects for the economies of those countries and other EU countries. There is continued concern about national-level support for the euro and the accompanying coordination of fiscal and wage policy among European Economic and Monetary Union member countries. Thus, the risk of investing in foreign sovereign debt, particularly of EU member countries, has dramatically increased as a result of this European debt crisis. This debt crisis and the ongoing efforts of governments around the world to address it has resulted in increased volatility and uncertainty in the U.S. and global economy and securities markets and it is impossible to predict the effects of these or similar events in the future on the U.S. and global economy and securities markets or on hedge funds' portfolios, though it is possible that these or similar events could have a significant adverse impact on the value and risk profile of a hedge fund's portfolio. Moreover, as the European debt crisis has progressed the possibility of one or more eurozone countries exiting the European Economic and Monetary Union, or even the collapse of the euro as a common currency, has arisen. The effects of the collapse of the euro, or of the exit of one or more countries from the Economic and Monetary Union, on the U.S. and global economy and securities markets are impossible to predict and any such events could have a significant adverse impact on the value and risk profile of hedge fund portfolios.

Dodd-Frank Act Risks. Congress has enacted sweeping financial legislation, the Dodd-Frank Act, signed into law by President Obama on July 21, 2010, regarding the operation of banks, private fund managers and other financial institutions, which includes provisions regarding the regulation of derivatives. Many provisions of the Dodd-Frank Act will be implemented through regulatory rulemakings and similar processes over a period of time. The impact of the Dodd-Frank Act, and of follow-on regulation, on trading strategies and operations is impossible to predict, and may be adverse. Practices and areas of operation subject to significant change based on the impact, direct or indirect, of the Dodd-Frank Act and follow-on regulation, may change in manners that are unforeseeable, with uncertain effects. By way of example and not limitation, direct and indirect changes from the Dodd-Frank Act and follow-on regulation may occur to a significant degree with regard to, among other areas, financial consumer protection, bank ownership of and involvement with private funds, proprietary trading, registration of investment advisers, and the trading and use of many derivative instruments, including swaps. It is possible that implementation of these measures, or any future measures, could potentially limit or completely restrict the ability of hedge funds to use certain derivative instruments as a part of their investment strategies, increase the costs of using these instruments or make them less effective. Limits or restrictions applicable to the counterparties with which hedge funds engage in derivative transactions could also prevent hedge funds from using these instruments or affect the pricing or other factors relating to these instruments, or may change availability of certain investments. There can be no assurance that such legislation or regulation will not have a material adverse effect on hedge funds or will not impair the ability of hedge funds to utilize certain derivatives transactions or achieve their investment objectives. In addition, Congress may address tax policy, which also could have uncertain direct and indirect impact on trading and operations, as well as, potentially, operations and structure of hedge funds, and the SEC has engaged in a general investigation of private funds, which has resulted in increased regulatory oversight and other legislation and regulation relating to private fund managers, private funds and funds of hedge funds.

Further, the Dodd-Frank Act created the Financial Stability Oversight Council ("FSOC"), an interagency body charged with identifying and monitoring systemic risks to financial markets. The FSOC has the authority to require that non-bank financial companies that are "predominantly engaged in financial activities," such as Underlying Managers and their hedge funds, whose failure it determines would pose systemic risk, be placed under the supervision of the Board of Governors of the Federal Reserve System ("Federal Reserve"). The FSOC has the authority to recommend that the Federal Reserve adopt more stringent prudential standards and reporting and disclosure requirements for non-bank financial companies supervised by the Federal Reserve. Such disclosure requirements may include the disclosure of the identity of investors in private funds such as hedge funds. The FSOC also has the authority to make recommendations to the Federal Reserve on various other matters that may affect hedge funds, including requiring financial firms to submit resolution plans, mandating credit exposure reports, establishing concentration limits, and limiting short-term debt. The FSOC may also recommend that other federal financial regulators impose more stringent regulation upon, or ban altogether, financial activities of any financial firm that poses what it determines are significant risks to the financial system. In the event that the FSOC designates a hedge fund as a systemic risk to be placed under the Federal Reserve's supervision, the hedge fund could face stricter prudential standards, including risk-based capital requirements, leverage limits, liquidity requirements, concentration requirements, and overall risk management requirements, among other restrictions. Such requirements could hinder a hedge fund's ability to meet its investment objective and may place the hedge fund and/or its Underlying Manager at a disadvantage with respect to its competitors.

Hedge funds and their Underlying Managers may also face additional reporting and recordkeeping requirements under the Dodd-Frank Act. Under the Dodd-Frank Act, advisers to private funds are required to maintain records regarding private funds that include a description of: amount of assets under management and use of leverage, including off-balance-sheet leverage; counterparty credit risk exposure; trading and investment positions; valuation policies and practices; types of assets held; side arrangements or side letters whereby certain investors obtain more favorable rights than other investors; trading practices, and such other information as the SEC determines is necessary and appropriate in the public interest and for the protection of investors or for the assessment of systemic risk. Over time, hedge funds' adherence to the new recordkeeping and reporting requirements may increase their expenses. Additionally, while the Dodd-Frank Act subjects such records and reports to certain confidentiality provisions and provides an exemption from the U.S. Freedom of Information Act, as amended, no assurance can be given that the mandated disclosure of records or reports to the SEC or other governmental entities will not have a significant negative impact on Underlying Managers or their hedge funds. Moreover, these additional reporting risks are equally applicable to EIM in respect of its private fund of hedge fund structures.

Title VII of the Dodd-Frank Act (the "Derivatives Title") imposes a new regulatory structure on derivatives markets, with particular emphasis on swaps and security-based swaps (collectively "swaps"). This new regulatory framework covers a broad range of swap market participants, including banks, non-banks, credit unions, insurance companies, broker-dealers and investment advisers, including Underlying Managers.

The SEC, CFTC and other U.S. regulators (the "Regulators") are in the process of adopting numerous regulations to implement the Derivatives Title. Until the Regulators complete their rulemaking efforts, the extent to which the Derivatives Title and the rules adopted thereunder will impact hedge funds is unclear. However, it is possible that the new regulatory structure for swaps may jeopardize certain trades and/or trading strategies employed by Underlying Managers, or at least make them more costly.

The Derivatives Title empowers the CFTC and SEC to require that certain swaps be submitted for clearing to regulated clearinghouses. Swaps that are required to be submitted for clearing must also, subject to certain exceptions, be executed through regulated markets, including designated contract markets, national securities exchanges and swap execution facilities. If hedge funds wish to trade swaps subject to the clearing and exchange-trading mandates, they may incur additional costs associated with these new requirements. Other Dodd-Frank Act provisions could limit banks' ability to engage in swaps, which could decrease liquidity in the swap markets and adversely impact the ability of hedge funds to enter into highly-tailored or customized transactions.

The Derivatives Title also requires swap dealers and major swap participants to register with the SEC and/or the CFTC, as appropriate. Swap dealers and major swap participants will be subject to a panoply of new regulations, including among others, capital and margin requirements and business conduct standards. If hedge funds are required to post margin for their swap transactions, the cost of executing these transactions could rise substantially. These costs may make certain trades or trading strategies uneconomical. If a hedge fund or its Underlying Manager is required to register as major swap participant, the hedge fund and/or the Underlying Manager would incur costs related to complying with major swap participant regulation. Additionally, it is expected that swap dealers will transfer at least some of their compliance costs to counterparties in the form of higher fees or less favorable marks on swap transactions. This means that hedge funds could face increased transaction costs when entering into swaps with a swap dealer.

Hedge funds also may be subject to new requirements, including reporting requirements with respect to position information, use of leverage, identity of investors and counterparty and credit risk exposure. New position limit requirements may impair the ability of hedge funds to hedge exposure to or take a directional view of certain physical commodity markets.

These new requirements of the Derivatives Title may also increase the cost of certain hedging and other derivatives transactions; additionally, there may be market dislocations due to uncertainty during the extended regulatory implementation period and it is not yet clear how the derivatives market will adjust to new regulations. Until the Regulators complete the rulemaking process for the Derivatives Title, it is unknown the extent to which such risks may materialize.

There can be no assurance that these developments will not adversely affect the business and investment activities of Underling Managers and certain types of investment funds, including hedge funds. In addition, Underlying Managers may be subject to potential registration requirements or other additional responsibilities under the Derivatives Title, summarized above, and may therefore incur increased cost in conducting their hedge funds' strategies, which may adversely affect the performance of such hedge funds.

The implementation of the Dodd-Frank Act could also adversely affect EIM, Underlying Managers and hedge funds by increasing transaction and/or regulatory compliance costs. In addition, greater regulatory scrutiny and the implementation of enhanced and new regulatory requirements may increase EIM's, Underlying Managers' and hedge funds' exposure to potential liabilities, and in particular liabilities arising from violating any such enhanced and/or new regulatory requirements. Increased regulatory oversight could also impose administrative burdens on EIM, Underlying Managers and hedge funds, including, without limitation, responding to investigations and implementing new policies and procedures. The ultimate impact of the Dodd-Frank Act, and any resulting regulation, is not yet certain and EIM, Underlying Managers and hedge funds may be affected by the new legislation and regulation in ways that are currently unforeseeable.

Recent Events. Global stock and credit markets have recently experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective debt financings to widen considerably. The recent instability in the credit markets has made it more difficult for a number of issuers of debt securities to obtain financing or refinancing for their investment or lending activities or operations. There is a risk that such issuers will be unable to successfully complete such financing or refinancing. In particular, because of the current conditions in the credit markets, issuers of debt securities may be subject to increased cost for debt, tightening underwriting standards and reduced liquidity for loans they make, securities they purchase and securities they issue. There is also a risk that developments in sectors of the credit markets in which hedge funds do not invest may adversely affect the liquidity and the value of securities in sectors of the credit markets in which hedge funds do invest, including securities owned by hedge funds.

The debt and equity capital markets in the United States have been negatively impacted by significant write-offs in the financial services sector relating to sub-prime mortgages and the re-pricing of credit risk in the broadly syndicated market, among other things. These events, along with the deterioration of the housing market, the failure of major financial institutions and the resulting United States federal government actions have led to a decline in general economic conditions, which have materially and adversely impacted the broader financial and credit markets and have reduced the availability of debt and equity capital for the market as a whole and financial firms in particular.

These events have been adversely affecting the willingness of some lenders to extend credit, in general, which may make it more difficult for issuers of debt securities to obtain financings or refinancings for their investment or lending activities or operations. There is a risk that such issuers will be unable to successfully complete such financings or refinancings. In particular, because of the current conditions in the credit markets, issuers of debt securities may be subject to increased cost for debt, tightening underwriting standards and reduced liquidity for loans they make, securities they purchase and securities they issue.

These events may increase the volatility of the value of securities owned by hedge funds and/or result in sudden and significant valuation increases or declines in its portfolio. These events also may make it more difficult for hedge funds to accurately value their securities or to sell their securities on a timely basis. A significant decline in the value of a hedge fund's portfolio would likely result in a significant decline in the value of your investment in a hedge fund.

These developments could adversely affect the ability of hedge funds to borrow for investment purposes, if they chose to do so, and increase the cost of such borrowings, which would reduce returns to hedge fund investors. These developments have adversely affected the broader economy, and may continue to do so, which in turn may adversely affect the ability of issuers of securities owned by hedge funds to make payments of principal and interest when due, lead to lower credit ratings and increased defaults. Such developments could, in turn, reduce the value of securities owned by hedge funds and adversely affect the value of an investment in the hedge fund. In addition, the prolonged continuation or further deterioration of current market conditions could adversely impact a hedge fund's.

The recent instability in the financial markets discussed above has led the U.S. Government and certain foreign governments to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity, including through direct purchases of equity and debt securities. Federal, state, and other governments, their regulatory agencies or self-regulatory organizations may take actions that affect the regulation of the instruments in which hedge funds invest, or the issuers of such instruments, in ways that are unforeseeable. Legislation or regulation may also change the way in which

hedge funds are regulated. Such legislation or regulation could limit or preclude hedge funds' ability to achieve their investment objectives.

Neither EIM nor Underlying Managers know how long the financial markets will continue to be affected by these events and cannot predict the effects of these or similar events in the future on the U.S. economy and securities markets or on hedge funds' portfolios. EIM and Underlying Managers may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments and trends in new products and services, in the current or future market environment.

Systemic Risk, Market Dislocation and Illiquidity. World events and/or the activities of one or more large participants in the financial markets and other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in the Underlying Managers losing substantial value caused predominantly by liquidity, which could result in the Underlying Managers incurring substantial losses.

Recent events in the credit markets in the United States and around the globe have caused significant dislocations, illiquidity and volatility in U.S. and non-U.S. markets, especially with respect to the structured credit, leveraged loan and high-yield bond markets. These events have had repercussions on the global financial markets, including the markets in which the hedge funds trade and invest, by restricting the availability of credit generally, and reducing liquidity levels across virtually all markets globally. The foregoing events could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect Underlying Manager's investments. Such marketplace events also may restrict the ability of the Underlying Managers to sell or liquidate investments at favorable times and/or for favorable prices. Investments may be adversely affected by a decrease in market liquidity (e.g., by impairing the ability of Underlying Managers to adjust positions and risk in response to trading losses or other adverse developments). In addition to the recent unprecedented turbulence in financial markets, the reduced liquidity in credit and fixed-income markets may adversely affect many issuers worldwide.

Brokerage Firms and Custodians May Fail. The institutions to which hedge fund's assets have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the hedge funds. Recent events in the credit market have challenged the financial stability of a number of established financial institutions. In the event that one of the hedge fund's brokers becomes bankrupt and fails to segregate the assets on deposit as required, Underlying Managers may indirectly be subject to a risk of loss for any deficiency.

Strategy Disclosure

Long/Short Equity and/or Fixed Income Strategies. Long/short equity and/or fixed income strategies generally seek to generate capital appreciation through the establishment of both long and short positions in equities or fixed income, by purchasing undervalued securities and selling overvalued securities to generate returns and to hedge out some portion of general market risk. If the Advisors' or a Manager's analysis is incorrect or based on inaccurate information, these investments may result in significant losses to the Funds or Portfolio Funds. Since a long/short strategy involves identifying securities that are generally undervalued (or, in the case of short positions, overvalued) by the

marketplace, the success of the strategy necessarily depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur, or may occur over extended time frames that limit profitability. Positions may undergo significant short-term declines and experience considerable price volatility during these periods. In addition, long and short positions may or may not be related. If the long and short positions are not related, it is possible to have investment losses in both the long and short sides of the portfolio. Long/short strategies may increase the exposure of the Funds or Portfolio Funds to risks relating to Strategic Transactions, leverage, portfolio turnover, concentration of investment portfolio and short-selling. These risks are further described in this section under their respective headings.

Convertible Arbitrage Strategies. This strategy entails the risk that the Advisors or Managers are incorrect as to the relative valuation of the convertible security and the underlying equity securities or that factors unrelated to the issuer, such as actions of the Federal Reserve or government agencies, may have unexpected impacts on the value of the fixed income or equity markets, potentially adversely affecting the Funds' hedged position. Recent market events caused hedge funds to sell large amounts of convertible securities, which adversely affected the market price of convertible securities.

Merger or Event Driven Arbitrage Strategies. The Funds may invest in companies involved in (or which are the target of) acquisition attempts or takeover or tender offers or mergers or companies involved in work-outs, liquidations, demergers, spin-offs, reorganizations, bankruptcies, share buy-backs and other capital market transactions or "special situations." The level of analytical sophistication, both financial and legal, necessary for a successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Advisors will correctly evaluate the nature and magnitude of the various factors that could, for example, affect the prospects for a successful reorganization or similar action. There exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Acquisitions sometimes fail because the U.S. government, European Union or some other governmental entity does not approve of aspects of a transaction due to anti-trust concerns, tax reasons, subsequent disagreements between the acquiror or target as to management transition or corporate governance matters or changing market conditions. Similarly, if an anticipated transaction does not in fact occur, or takes more time than anticipated, the Funds may be required to sell their investment at a loss. As there may be uncertainty concerning the outcome of transactions involving financially troubled companies in which the Funds may invest, there is potential risk of loss by the Funds of their entire investment in such companies. In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the Funds' ability to respond to market movements may be impaired and consequently the Funds may experience adverse price movements upon liquidation of their investments, which may in turn adversely affect the Funds. Settlement of transactions may be subject to delay and administrative uncertainties. An investment in securities of a company involved in bankruptcy or other reorganization and liquidation proceedings ordinarily remains unpaid unless and until such company successfully reorganizes and/or emerges from bankruptcy, and the Funds may suffer a significant or total loss on any such investment during the relevant proceedings.

Investing in securities of companies in a special situation or otherwise in distress requires active monitoring by the Advisors of such companies and may, at times, require active participation by the Funds (including by way of board membership or corporate governance oversight), in the management or in the bankruptcy or reorganization proceedings of such companies. Such involvement may restrict the Funds' ability to trade in the securities of such companies. It may also prevent the Funds from focusing

on matters relating to other existing investments or potential future investments of the Funds. In addition, as a result of their activities, the Funds may incur additional legal or other expenses, including, but not limited to, costs associated with conducting proxy contests, public filings, litigation expenses and indemnification payments to the investment manager or persons serving at the investment manager's request on the boards of directors of companies in which the Funds have an interest. It should also be noted that any such board representatives have a fiduciary duty to act in the best interests of all shareholders, and not simply the Funds, and thus may be obligated at times to act in a manner that is adverse to the Funds' interests. The occurrence of any of the above events may have a material adverse effect on the performance of the Funds and consequently on the returns to Members.

Fixed Income Arbitrage Strategies. Fixed income arbitrage strategies generally involve analyzing the relationship between the prices of two or more investments. To the extent the price relationships between such investments remain constant, little or no gain or loss on the investments will occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably, causing a loss.

Volatility Arbitrage Strategies. The success of volatility arbitrage strategies depends on the ability of the Advisors to accurately assess the relative value of a security in relation to its historical trading range. However, even if the Advisors make an accurate assessment of a security's historical trading range, the security may strike a new trading range, resulting in the failure of the volatility arbitrage strategy with respect to that security. The simultaneous failure of volatility arbitrage strategies among a number of securities or Portfolio Funds may result in significant losses to the Funds.

Statistical Arbitrage Strategies. The success of statistical arbitrage is heavily dependent on the mathematical models used by the Advisors in seeking to exploit short-term and long-term relationships among stock prices and volatility. Models that have been formulated on the basis of past market data may not be predictive of future price movements. The Advisors may select models that are not well-suited to prevailing market conditions. Furthermore, the effectiveness of such models tends to deteriorate over time as more traders seek to exploit the same market inefficiencies through the use of similar models. In addition, in the event of static market conditions, statistical arbitrage strategies are less likely to be able to generate significant profit opportunities from price divergences between long and short positions than in more volatile environments.

Relative Value Trading Strategies. The Advisors utilize, among others, relative value trading strategies which are composed of positions in contracts relating to two or more assets the prices of which are expected to either converge or diverge and, in theory, mitigate the absolute price risk associated with taking an outright, unhedged position in respect of a single asset, and may be based upon historical price relationships and intended to neutralize the adverse (and positive) price effects of macro-economic events and trends. However, relative value strategies are subject to certain risks. The success of the Advisors' trading activities depends, among other things, on the Advisors' ability to identify unjustified or temporary discrepancies between the fundamental value and the market price of an asset or between the market prices of two or more assets whose prices are expected to move in relation to each other and to exploit those discrepancies to derive a profit to the extent that the Advisors are able to anticipate in which direction the relative values or prices will move to eliminate the identified discrepancy. For example, a relative value strategy may fail to profit fully or at all or may suffer a loss or a greater loss due to a failure of the component contract prices to converge or diverge as anticipated. This may occur with respect to prices relating to all or only certain contract maturities.

Identification and exploitation of the investment opportunities that may be pursued by the Advisors involve a high degree of uncertainty. If what the Advisors perceive as an unjustified or temporary price or value discrepancy posing an investment opportunity is nothing more than a price differential due to reasons not likely to disappear within the time horizon of an investment made by the Funds, if the Advisors fail to anticipate the direction in which the relative prices or values will move to eliminate a discrepancy, or if the Advisors have incorrectly evaluated the extent of the expected spread relationships, so that, for example, the value of the Funds' long positions appreciates at a slower rate than the value of the Funds' short positions in related assets, then the expected returns for the Fund will not materialize, and the Funds may sustain a loss that will adversely affect the price of the Units.

The discrepancies that the Advisors seek to identify and turn into profit opportunities for the Fund may arise due to a variety of circumstances. Some may be due to uneven flows of information to the relevant markets, with the market for one asset reflecting the impact of specified items of information before or after the same information has an impact on the market for a related asset. Others may be the result of regulatory or legal restrictions applicable to one type of asset, but not to a functionally equivalent asset (which occurs, for example, when regulated financial institutions are prohibited from investing in a particular type of asset, but are free to take, via derivative arrangements, positions that leave them exposed to the performance of the same asset). A reduction in the volatility and market inefficiencies that create the opportunities in which the Advisors may seek to invest, as well as other market factors, will reduce the scope for the Advisors' investments and may limit the Funds' opportunities for profit and adversely affect the price of the Units.

Global Macro. Underlying Managers may engage in global macro strategies. Global macro strategies include both directional trading and relative value approaches to what are generally short-term allocations of capital. Underlying Managers utilizing a directional trading approach will take unhedged long or short positions in various markets. Such unhedged investments may expose the fund to full market risk and are subject to substantial losses. The use of a relative value approach is also subject to the risk of substantial losses because of imperfect correlation of a manager's portfolio of long and short positions.

Event-Driven Strategies. An Underlying Manager's investments may involve arbitraging between a security and its announced buy-out price, between two or more securities (as a "pairs trade" or otherwise), between the equity and equity options markets, and/or any similar transaction or combination of transactions. This means, for example, that the Underlying Manager may purchase (or sell) securities (i.e., on a current basis) and take offsetting positions in options in the same or related securities. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. To the extent that an anticipated outcome does not occur, the price differential will most likely change unfavorably and cause a loss on the position.

Hedging Techniques. The Underlying Managers may employ various hedging techniques to attempt to reduce risk. If the trading methodology of the Underlying Managers analyzes market conditions incorrectly, their hedging techniques could result in a loss, regardless of whether the intent was to reduce risk. These hedging techniques may also increase the volatility of certain financial instruments, and therefore the hedge funds. In addition, such techniques may involve a small investment of cash relative to the magnitude of the risk assumed or result in a loss if the other party to the transaction does not perform as promised. Further, a specific hedge may not be available with respect to a particular

financial instrument and, even if available, may not sufficiently match the position which is sought to be hedged.

Inadvertent Concentration. The Underlying Managers may subscribe to various investment strategies which may expose the fund to a number of investment strategy risks. The investor may inadvertently be exposed to concentration risk as a number of Underlying Managers may have overlapping strategies and thus could accumulate large positions in the same or related instruments, without the Investment Manager's knowledge. Even if known, the Investment Manager's ability to avoid such concentration would depend on its ability to reallocate capital among existing or new Underlying Managers. This might not be feasible for several months until withdrawals and contributions are permitted by the hedge funds.

Short Selling. Some Underlying Managers may engage in short selling strategies. Short selling involves selling securities which may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace any such borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and any costs of borrowing the securities. However, if the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities

would result in a loss. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. In addition, there are rules prohibiting short sales at prices below the last sale price, which may prevent the hedge funds from executing short sales at the most desirable time.

Derivatives. Some Underlying Managers may invest in complex derivative instruments that seek to modify or emulate the investment performance of particular securities, commodities, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, such as interest rate and credit risk volatility, world and local market price and demand and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which derivative transactions are effected are over-the-counter or interdealer markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are shareholders of exchange-based markets. This exposes the hedge funds to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. The hedge funds are not restricted from dealing with any particular counterparty or from concentrating all of their transactions with one counterparty. Many unforeseeable events, such as government policies, can have profound effects on interest and exchange rates, which in turn can have large and sudden effects on prices of derivative instruments.

Futures. Futures markets are highly volatile. To the extent that the hedge funds engage in transactions in futures contracts and options on futures contracts, the profitability of such hedge funds,

and, consequently the Funds, depends to some degree on the ability of the Underlying Managers to analyze correctly the futures markets, which are influenced by, among other things, changing supply and demand relationships, governmental policies, commercial and trade programs, world political and economic events and changes in interest rates. Moreover, investments in commodities, futures and options contracts involve additional risks, including, without limitation, leverage (margin is usually 5–15% of the face value of the contract and exposure can be nearly unlimited) and credit risk vis-a-vis the contract counterparty. Finally, the CFTC and futures exchanges have established limits referred to as “speculative position limits” on the maximum net long or net short position which any person may hold or control in particular commodities contracts. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested.

Swaps. The hedge funds may enter into various hedging transactions, such as interest rate, currency and credit swaps and the purchase or sale of caps and floors. Interest rate swaps involve the exchange by a hedge fund with another party of their respective commitments to pay or receive interest. The purchase of an interest rate cap entitles the purchaser, to the extent that a specified index exceeds a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling such interest rate cap. The purchase of an interest rate floor entitles the purchaser, to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling such interest rate floor. In the case of currency swaps, a hedge fund may exchange with another party their respective commitments to pay or receive currency. Credit swaps involve other risks including, without limitation, the credit quality of the issuer, the counterparty or the associated reference pool. Use of swaps subjects the hedge funds to risk of default by the counterparty. If there is a default by the counterparty to such a transaction, the hedge fund will have contractual remedies pursuant to the agreements related to the transaction; however, in such event, recovery would be dependent on the creditworthiness of the counterparty. Hedge funds may also enter into interest rate, total return or other swaps that may be surrogates for other instruments such as currency forwards and interest rate options. The value of such instruments generally depends upon price movements in the underlying assets, risk elements, shares, rights or commitments, as well as counterparty risk.

Option Transactions. The purchase or sale of an option involves the payment or receipt of a premium payment by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security or other investment for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security in excess of the premium payment received.

Hedge funds may purchase or sell customized options and other derivatives in the over-the-counter market that may have different features than traditional exchange-traded options though they also share the same risks. These options and derivative instruments may also subject the hedge funds to risk of default by the counterparty. Investments in these financial instruments may also be subject to additional risk such as interest rate and other risks.

A hedge fund's ability to close out their positions as purchasers of exchange-listed options would be dependent upon the existence of a liquid secondary market on an exchange. Among the possible reasons for the absence of a liquid secondary market on an exchange are (i) insufficient trading interest in certain options, (ii) restrictions on transactions imposed by an exchange, (iii) trading halts, suspensions or other restrictions imposed with respect to particular classes or series of options or underlying securities, (iv) interruption of the normal operations on an exchange, (v) inadequacy of the facilities or an exchange or the Options Clearing Corporation to handle current trading volume or (vi) a decision by one or more exchanges to discontinue the trading of options (or a particular class or series of options), in which event the secondary market on that exchange (or in that class or series of options) would cease to exist, although outstanding options on that exchange would generally continue to be exercisable in accordance with their terms.

Exchange Traded Funds ("ETFs"). Hedge funds may invest in ETFs to gain exposure to certain desired investment categories. These are a type of investment company bought and sold on a securities exchange. An ETF represents a fixed portfolio of securities designed to track a particular market index or economic exposure. Generally, ETFs provide a passive economic exposure to an asset class (e.g., large capitalization stock) or segment of an asset class (e.g., residential real estate). The risks of owning an ETF generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in it being more volatile. In addition, ETFs bear management fees, which increase their costs. As a shareholder of an ETF, the hedge funds would bear their pro rata portion of the ETF's expenses, including advisory fees. These expenses would be in addition to the fees and other expenses that hedge funds bear directly in connection with their own operations. Hedge funds may be limited by provisions of the 1940 Act applicable to private funds in regard to the size of a particular investment in an ETF.

Indexed Securities. Hedge funds may invest in securities that fluctuate in value with an index. Such securities generally will either be issued by the U.S. Government or one of its agencies or instrumentalities or, if privately issued, collateralized by mortgages that are insured, guaranteed or otherwise backed by the U.S. Government, its agencies or instrumentalities. The interest rate or, in some cases, the principal payable at the maturity of an indexed security may change positively or inversely in relation to one or more interest rates, financial indices, securities prices or other financial indicators ("Reference Prices"). An indexed security may be leveraged to the extent that the magnitude of any change in the interest rate or principal payable on an indexed security is a multiple of the change in the Reference Price. Thus, indexed securities may decline in value due to adverse market changes in Reference Prices. Because indexed securities derive their value from another instrument, security or index, they are considered derivative debt securities, and are subject to different combinations of prepayment, extension, interest rate and/or other market risks.

"OTC" Transactions. Hedge funds may engage in transactions involving securities traded on "over-the-counter" ("OTC") markets. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes hedge funds to the risks that a counterparty will not settle a transaction because of a credit or liquidity

problem or because of disputes over the terms of the contract. Therefore, to the extent that hedge funds engage in trading on OTC markets, hedge funds could be exposed to greater risk of loss through default than if they confined their trading to regulated exchanges.

Real Estate. Investing in real estate, including real estate investment trusts (“REITs”) may subject hedge funds to risks associated with the ownership of real estate, including terrorist attacks, war or other acts that destroy real property (in addition to securities market risks). Some REITs may invest in a limited number of properties, in a narrow geographic area, or in a single property type, which increases the risk that a hedge fund could be unfavorably affected by the poor performance of a single investment or investment type. These companies are also sensitive to factors such as changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and creditworthiness of the issuer. Borrowers could default on or sell investments the REIT holds, which could reduce the cash flow needed to make distributions to investors. In addition, REITs may also be affected by tax and regulatory requirements in that a REIT may not qualify for preferential tax treatments or exemptions. REITs require specialized management and pay management expenses. Securities issued by private partnerships in real estate may be more illiquid than securities issued by other hedge funds generally, because the partnerships’ underlying real estate investments may tend to be less liquid than other types of investments.

Private Equity. Investment in private equity involves the same types of risks associated with an investment in any operating company. However, securities issued by private partnerships investing in private equity investments may be more illiquid than securities issued by other hedge funds generally, because the partnerships’ underlying investments may tend to be less liquid than other types of investments. In addition, private equity transactions generally utilize large amounts of leverage, which can increase returns but exacerbate any losses.

Private Investing in Public Equity (“PIPEs”). Investment in PIPEs involves the same types of risks associated with an investment in any operating company. However, PIPE securities may be more illiquid than securities issued by other hedge funds generally, because the partnerships’ underlying investments may tend to be less liquid than other types of investments. PIPE securities are generally issued under Securities Act Section 4(2) or Regulation D and are exempt from registration. As such, PIPE investors receive restricted securities and cannot publicly trade them until the issuer files and SEC approves a resale registration statement.

Leverage Risk. Hedge funds may borrow and may utilize various lines of credit, reverse repurchase agreements, “dollar” rolls, issuance of debt securities, swaps, forward purchases, other off-balance sheet derivative transactions and other forms of leverage. While leverage presents opportunities for increasing total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the cost of the leverage, the value of a hedge fund’s net assets will decrease. Accordingly, any event which adversely affects the value of an investment by a hedge fund would be magnified to the extent leverage is employed. The cumulative effect of the use of leverage in a market that moves adversely to a leveraged investment could result in a substantial loss which would be greater than if leverage were not used. In periods of extreme market volatility, the need to sell assets in a declining market can cause even greater losses, as prices may be

artificially depressed. Generally, most leveraged transactions involve the posting of collateral. Increases in the amount of margin that a hedge fund is required to post could result in a disposition of hedge fund assets at times and prices which could be disadvantageous and could result in substantial losses. Creditors' claims may be senior to the rights of Investors in the underlying fund.

Foreign Securities. Investments in securities of non-U.S. issuers including foreign governments and securities denominated or whose prices are quoted in non-U.S. currencies pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to (or as uniform as) those of U.S. companies. Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S. There is generally less government supervision and regulation of exchanges, brokers and issuers in foreign jurisdictions than there is in the U.S. The hedge funds might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the hedge funds' performance.

Currency Risks. The hedge funds may purchase instruments denominated in currencies other than the hedge funds' base currency of U.S. dollars. In doing so, the hedge funds will be exposed to certain currency risks, including illiquidity, blockages by governments, political unrest or other factors, failure or inability to deliver, pressures from speculators and other factors that can result in losses with respect to such instruments notwithstanding any mark-to-market return. In addition, to the extent that currency risk is not hedged, changes in the value between the U.S. dollar and other currencies can increase or reduce the actual returns from non-dollar denominated investments. The hedge funds may at times have significant currency exposure. Therefore, market movements in the underlying currencies could result in substantial losses to the extent such exposures are not hedged.

Investments in Governmental Debt. The hedge funds may invest in debt of both U.S. and non-U.S. government agencies and instrumentalities and quasi-governmental entities. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the hedge funds may have limited legal recourse in the event of default. Governmental actions could have a significant effect on the value of the hedge fund Investments.

Illiquidity. Hedge funds may permit redemptions only on a semi-annual, annual, or less frequent basis and/or be subject to "lock ups" or withdrawal "gates" that restrict redemptions. As a result, investors could be unable to redeem capital from hedge funds in which it invests for an extended period after the Investment Manager has determined that the Underlying Manager operating such hedge fund has begun to deviate from its announced trading policies and strategy (or has otherwise determine to liquidate its investment in a hedge fund).

There are also certain events which may delay or prohibit the ability of the Investment Manager to redeem from the hedge funds, including market volatility and illiquidity, which could result in a suspension of redemptions by the hedge funds or a suspension or delay in the payment of redemption proceeds from such hedge funds. Any such event will adversely impact the ability of an investor to withdraw from the fund and receive withdrawal proceeds within any finite period of time. Further, under certain circumstances investors may receive in-kind payments from the hedge funds, rather than cash payments, in which event the investor will have to bear the cost and expense of liquidating such in-kind payments.

Side Pockets. Some hedge funds may, from time to time, invest in non-marketable securities and are authorized as per their offering memorandum to exchange at any time a portion of their investors' shares against a separate class of shares commonly referred to as "side pocket". To effect a Side Pocket investment, underlying funds will typically exchange a portion of their main class of shares for a separate class of shares representing Side Pocket investments. There may be no current market value for the Side Pocket and the price at which the underlying fund carries the Side Pocket may represent its acquisition cost or other valuation. Side pocket investments are generally valued by the Underlying Manager or its representative in a manner determined in good faith by the Underlying Manager to reflect fair market value.

Upon redemption from an underlying fund with Side Pockets; full proceeds from the redemption may be delayed until the Side Pocket investments are liquidated as described. With regard to the any side pocket class, generally hedge funds are authorized to postpone for an indefinite period the redemptions of the investors' side pocket class shares to the date such hedge fund redeems such special non-marketable investments.

Investment Manager/Underlying Manager/Hedge Fund

Competition. The Underlying Managers will engage in investment and trading activities which are highly competitive with other investment and trading programs including those of mutual funds and other financial institutions, investment banks, broker-dealers, commercial banks, insurance companies and pension funds, as well as private investors, all of whom may have investment objectives similar to those of the Underlying Managers. These competitors may have substantially greater resources than the Underlying Managers and may have substantially greater experience than the Underlying Managers.

Possibility of Misconduct by Underlying Managers. An Underlying Manager could divert or abscond with assets, fail to follow its stated investment strategies, issue false reports or engage in other misconduct, all without such Investment Advisor's knowledge. Further, although the Investment Advisor will attempt to monitor the performance of each Underlying Manager, the Investment Advisor must ultimately rely on each Underlying Manager to operate in accordance with the investment strategy and guidelines laid out by such Underlying Manager, and the accuracy of the information provided by such Underlying Manager. If an Underlying Manager does not operate in accordance with its investment strategy or guidelines, or if the information furnished by a Underlying Manager is not accurate, investors may sustain losses with respect to its investment with the Underlying Manager despite the Investment Advisor's attempt to monitor the investment.

Delegation of Control. Although the Investment Advisor carefully screens Underlying Managers, it has no ability to predict the investments the Underlying Managers may select, or whether Underlying Managers will act in accordance with disclosure documents or descriptive materials furnished by them to the Investment Manager.

Increase in Managed Assets. Underlying Managers who experienced a major increase in the assets they manage, may impair the ability of their strategies and operations to perform up to historical levels. Such Underlying Managers may divert from stated strategies into strategies or markets with which they could have little or no experience. This could result in serious losses to the hedge funds.

New Strategies. Many of the strategies used by the Underlying Managers may not have been in existence during periods of major market stress, disruption or decline. As a result, it is not known how these strategies will perform in these periods.

Limited Operating History. Certain Underlying Managers may be new or relatively new firms and have little or no operating history upon which their performance can be evaluated. In addition, certain Underlying Managers may have experience trading for themselves or managed accounts but may not have previously operated a hedge fund.

Dependence on the Investment Manager. Hedge funds are highly dependent upon the expertise and abilities of the Investment Manager. If any of the Underlying Manager's key personnel is unable to perform his or her duties, the hedge fund's investment results may be adversely affected.

Access to Information from Underlying Managers. Although the Investment Advisor receives information from each prospective Underlying Manager regarding its historical performance, if any, and investment strategy, in most cases the Investment Advisor has little or no means of independently verifying the information supplied to it by such Underlying Manager. In general, the Investment Advisor will rely in large part on the limited information provided to it by the Underlying Managers. For example, the Investment Advisor may not learn of significant structural changes, such as turnover in personnel, capital withdrawals or capital growth, or may learn of such changes only after they have occurred. The absence of detailed information could result in significant losses.

Litigation Risk. A hedge fund could become involved in shareholder, insider trading or other litigation as a result of its investment activities, which could adversely affect the hedge fund.

Incentive Compensation. Most, if not all, Underlying Managers will be entitled to receive incentive fees with respect to their trading. These arrangements may give the Underlying Managers an incentive to make riskier or more aggressive investments than they would otherwise make and/or to value their positions at a higher value.

Valuation. Because of the overall size and concentrations in particular markets and maturities of positions that may be held by the hedge funds from time to time, the liquidation values of the hedge funds' investments may differ significantly from the interim valuations of such investments provided to the investors. Such differences may be further affected by the time frame within which such liquidation occurs. Third party pricing information may at times not be available in respect of certain of the hedge

fund's securities and other investments. Valuations of the hedge fund's securities and other investments, which affect the amount of the Advisory Fees and the Net Asset Value of the Fund, may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the Net Asset Value of the Fund could be adversely affected. Valuation determinations are conclusive and binding

Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of EIM USA or the integrity of EIM USA's management. EIM USA and its management have no material legal or disciplinary events to report at this time.

Item 10– Other Financial Industry Activities and Affiliations

EIM Management (USA) is wholly owned by EIM Holding (USA) Inc. ("Holding") which is a Delaware holding company. Holding also owns 100% of the interest in EIM Securities (USA) Inc.

EIM is registered with the SEC as an investment advisor. The Firm is also registered with U.S. Commodity Futures Trading Commission ("CFTC") as a commodity pool operator ("CPO") and as a commodity-trading advisor ("CTA") and relies on the 4.13(a)(4) exemption. The Firm is a member of the U.S. National Futures Association ("NFA").

EIM Securities (USA) Inc. is a limited purpose broker-dealer registered with the SEC and is a member of the Financial Industry Regulatory Authority ("FINRA"), formerly the National Association of Security Dealers ("NASD"). EIM Securities was approved for private placements. Associated persons of EIM are registered with EIM Securities and maintain their various FINRA licenses (Series 3, 7, 14, 24, 27, 28, 62, 63, 66) with the broker dealer. EIM Securities is also a member of the NFA as an introducing broker. EIM Securities participates in SIPC.

Resources

Investors may check the following websites for additional information on EIM, EIM Securities (USA) Inc or Registered Individuals.

- SEC's web site - www.adviserinfo.sec.gov.
- FINRA Broker Check - www.finra.org/InvestorInformation/InvestorProtection/p005882
- NFA Basic www.nfa.futures.org/BasicNet/Welcome.aspx
- SIPC www.sipc.org

Affiliations

Affiliates of EIM USA and EIM Securities may provide revenue to each other under Service Agreements developed to meet the needs and circumstances of each company.

EIM USA is part of the EIM Group which was founded in 1992. The following are affiliated EIM investment entities:

- E.I.M. S.A., Nyon (Switzerland),
- EIM (Gibraltar) Ltd.,
- EIM (United Kingdom) Ltd.,
- EIM (France) S.A.,
- EIM (Asia) Pte. Ltd.,

EIM USA will purchase non-discretionary research via a servicing agreement from affiliated EIM global entities. In addition to research, EIM will utilize technology, proprietary software and related system support and other services of the EIM Group via a servicing agreement with different affiliated entities.

Please refer to ADV Part 1 Question 7A regarding additional information on affiliated entities.

Item 11 – Code of Ethics

EIM strives to adhere to the highest industry standards of conduct based on principals of professionalism, integrity, honesty and trust. EIM has adopted a Code of Ethics to meet these standards. The Code of Ethics and Compliance Manual includes provisions relating to:

- Confidentiality of client information,
- Prohibition on insider trading,
- Prohibition on rumor mongering,
- Restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and
- Personal securities trading procedures, among other things.

All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended. A copy of the Code of Ethics will be provided to any Managed Account, Investor or prospective client upon request.

Item 12 – Brokerage Practices

Brokerage for Client Referrals

EIM USA does not receive client referrals or compensation from any Secondary Market Platforms. EIM USA does not consider referrals as criteria in its selection of a broker-dealer in secondary market transactions.

Participation or Interest in Client Transactions

EIM may recommend investments in partnerships, investment companies, separate accounts, or other entities in which an affiliate may have some financial interests or derive some financial benefit.

Termination of an Account

The services of EIM may be terminated pursuant to the written notice of termination contained in the IMA between EIM and its clients. EIM retains the right to purchase securities from client accounts, during the course of a liquidation of a client mandate. EIM may liquidate all or any part of the investments by the sale to another advisory account at the underlying funds' NAV at the time of the sale.

Item 13 – Review of Accounts

The EIM Group has a Global Investment Committee (“GIC”) that is responsible for the governance of EIM’s investment process and has formal authority over EIM’s List of Approved Funds (“LAF”). The GIC is comprised of senior investment professionals from EIM and its affiliated global entities with integrated portfolio management and research responsibilities. The EIM Group has also established an Asset Allocation Committee (“AAC”), whose function is to support the GIC, and advise the GIC on forward-looking scenario sets and expected strategy performance, representative allocations per mandate type, manager research and funds recommended for approval, and representative model portfolios. EIM’s investment process is managed globally by Co-Heads of Investments, based in the United States and in Europe. These Co-Heads of Investments jointly manage the execution of EIM’s investment process.

The GIC and AAC meet on a monthly basis to discuss manager selections, allocations, strategies, etc. EIM USA’s portfolio managers are responsible for making individualized investment decisions for each client account they manage. Portfolios are continuously monitored to ensure on-going compatibility with the client objectives and restraints.

Portfolios are structured and managed to meet each client’s risk-adjusted return objectives by establishing and maintaining appropriate manager allocations. Client allocations may be modified at any point based on the advisory organization’s quantitative and qualitative characteristics as reflected both through investment performance and organizational dynamics of the firm. These factors are also evaluated against the backdrop of current events in worldwide capital markets and peer group comparisons versus other advisory organizations utilizing the same or similar investment strategies. Portfolios may be rebalanced to ensure advisory organization’s allocations remain intact as investment results unfold during the year. Portfolios will be brought back into compliance with the mandate as soon as practicable. Any restrictions so breached by market movements shall not be viewed as a breach of guidelines.

EIM utilizes qualitative inputs to evaluate the performance of client portfolios and hedge fund manager performance. This data is also used in the preparation of client reports. Reviews are structured with a view to general security market performance and manager factors, as well as client objectives. Each portfolio is typically measured against one or more performance benchmarks.

Review of Accounts includes a three tier process:

- Client investment objectives and restrictions are hard coded into the Firm's Order Management System.
- Risk Management compares the client portfolio against the mandate parameters and risk policy.
- Local US portfolio managers document on a monthly basis adherence or exceptions with client investment mandates.

Nature and Frequency of Regular Reports

EIM communicates with its clients through a range of reports, telephone conversations, letters and client meetings. The frequency of communication varies from client to client and depends on each client's needs. EIM portfolio managers can provide portfolio updates on a quarterly basis via conference calls and are generally available for 1 to 2 meetings in person per year, or more frequently, as requested. Client Services is the point person for client communications.

Portfolio Performance Reports

The Operations team performs a monthly reconciliation between the portfolio positions as they appear in EIM's Webfolio monitoring system and those appearing on the independent Administrator and/or Custodian's statement.

EIM USA provides estimated portfolio performance reports on the fifth business day after month end. These reports are calculated using the best available estimates of the prior month's performance of underlying funds and include strategy attribution, underlying hedge fund performance and portfolio weights.

EIM USA also provides final portfolio performance reports to its clients within 25 to 30 days after month-end. These reports, similar to the estimated reports, include a final monthly portfolio valuation and performance analysis prepared and reconciled to independent custodial and administrator statements.

Both the estimated and final performance reports contain the managed account's net performance by manager, strategy, and in aggregate. Monthly reports contain the following information:

- Consolidated exposures by geography, sector, liquidity, credit rating, etc.
- Overall sensitivities to market risk factors, as well as underlying strategies contributions
- Sensitivities to historical stress tests and what-if scenarios, and related underlying strategy contributions
- VaR/ CVaR reports and contributions from underlying strategies

Performance Presentation Standards

EIM USA has been GIPS (Global Investment Performance Standards) verified from May 1999 thru December 2010. The Firm has complied with the composite construction guidelines set forth by GIPS. KPMG is our GIPS verifier. Every account is assigned to a composite based upon each particular investment mandate, restrictions and AUM.

Additional information regarding the composites is available upon request.

Document Delivery

EIM USA relies on electronic delivery to communicate with clients. Monthly reports and client updates are available on a Secure Client Webportal or e-mail. If this proves burdensome for the client or investor and they cannot access the information effectively, we will provide hard copies.

Valuation

EIM USA values underlying manager positions in its portfolios using NAVs and market values supplied by the underlying managers' administrators. EIM USA's operations team reconciles all portfolio data maintained by third-party provider.

EIM USA's operations team reconciles all portfolio data maintained by third-party providers.

In conducting the review, the operations team reconciles all cash and underlying hedge fund information and all accruals are checked for accuracy and completeness.

EIM USA has never experienced any material discrepancy regarding an NAV calculation; however, if a disagreement over pricing were to occur, EIM USA's operations team would contact the third-party information provider for additional information / clarification

Item 14 – Client Referrals and Other Compensation

Solicitation Agreements

EIM USA may enter into a contractual arrangement with unaffiliated third parties and/or affiliated persons who may solicit clients for the firm. The arrangements are made in writing pursuant to Rule 206(4)-3 of the Investment Advisors Act of 1940, as amended. Clients will be informed of any such arrangements pertaining to their accounts in advance of entering into an advisory agreement with or through EIM. The solicitor is to provide prospective clients with a solicitor's disclosure statement and a copy of this brochure. In these cases, clients do not pay additional fees, commissions or higher costs as these third parties are paid directly by EIM and not by the Client. Each referring source executes a Solicitation Agreement in a form satisfactory to EIM.

Where the solicitor is an associated person of EIM USA or its affiliated entities, the affiliated solicitor will simply disclose their relationship to the client at the time of the meeting. The client will not be presented with a disclosure document or acknowledgement.

Soft Dollars

EIM USA does not have any relationships with Prime Brokers under which, for example, it receives any benefits from directing hedge fund business to that Broker. Nor does EIM receive any services such as research or access to equipment (“Soft-Dollar arrangements”).

Item 15 – Custody

EIM USA does not maintain custody of client assets. Each managed account must designate an independent qualified custodian in their Discretionary Investment Management or Advisory Agreements. The designated custodians generally provide quarterly statements directly to the account, as well as to EIM. Managed Accounts are not audited by a certified public accountant unless requested by the Client. Clients will incur custody fees in the course of our management of their accounts.

Clients are urged to carefully review and compare third party statements from custodians, administrators and/or underlying fund managers with the monthly statements provided by EIM USA.

If the custodian does not provide quarterly statements, please promptly notify Client Services of the fact.

For Investors in Private Funds, pursuant to a fund administration agreement, the fund administrator will prepare and send a valuation at least quarterly for each Investor’s interest in the Fund via e-mail. Investors also will receive audited annual financial statements of the Fund prepared by independent certified public accountants in accordance with the SEC Custody Rule.

EIM has engaged a PCAOB accounting firm to perform surprise audits for those accounts which would require surprise audits under the SEC Custody Rule.

Item 16 – Investment Discretion

Securities to be Bought or Sold

EIM USA manages each client account on a discretionary and/or advisory (i.e. non-discretionary) basis in accordance with their IMA. Pursuant to discretionary advisory contracts, EIM has unlimited authority to select hedge fund managers and funds for the management of each client account, subject to restrictions which have been determined by EIM and the client, and which have been documented in the client contract and subject to the Firm’s Risk Policy. The Risk Policy specifies a series of qualitative “rules” (related to funds’ operational set-up) and quantitative limits at the fund and portfolio levels (related to concentration issues, sensitivities to market factors, etc.), that are monitored systematically by Risk Management.

For Advisory accounts, EIM USA will make hedge fund asset allocation recommendations to the Client. The Client may elect to follow or ignore the recommendations under this agreement.

Amount of Securities to be Bought or Sold

EIM USA generally attempts to construct well-diversified portfolios. The use of multiple hedge fund organizations and/or funds is designed to provide diversification. Each investment advisory organization and fund is generally unconstrained with respect to its investments.

Pursuant to discretionary IMAs, EIM is generally given unlimited discretion to determine the weightings (amount of assets to be invested in each fund) to be allocated to each hedge fund manager subject to any investment restrictions by the client and the Firm's Risk Policy.

For advisory accounts, EIM USA will recommend an appropriate weight to the Client. The Client may elect to follow or ignore the recommendations.

Certain client mandates may prohibit allocations to funds or investment advisory organizations that might invest in particular securities or types of securities.

Investment Allocations

In a case where EIM might be in a position to obtain exceptional allocations from managers that are "closed" to further investment, we have put in place a formal set of allocation rules ("Fair Allocation Policy"), which govern the apportionment of this capacity fairly among our client portfolios. Given the restrictions and constraints of the account, the following rules for "limited allocations" apply:

New clients receive priority in gaining exposure to managers with limited capacity. Thereafter, capacity is allocated to clients with cash available to invest who require exposure to the strategy offered by the manager in question. A number of other factors, however, can impact the uniformity of investments and investment decisions among accounts; which include; but are not limited to; account size, investment mandate, client-specific investment restrictions, client liquidity or transparency requirements, client fee sensitivity, cash flows, lock-up periods and/or redemption fees, existing portfolio weightings, underlying funds' ERISA or other investor limitations, and funds closing and/or opening to new investors.

As a result of the foregoing, accounts with similar investment goals may nonetheless not participate uniformly in various investment opportunities. One benefit of the flexibility of the separate account structure is that clients are better able to tailor the investment mandate to their specific needs. This factor, however, also may work to reduce EIM's ability to effect across the board investment decision making for its separate account clients. In all instances, EIM works to insure that investment opportunities are made available to all clients in a fair and equitable manner.

EIM's complete Fair Allocation Policy is available upon request.

Item 17 – Voting Client Securities

Proxy Voting Policy

EIM USA understands and appreciates the importance of proxy voting and corporate actions. To the extent that EIM has discretion to vote the proxies for a Managed Account and/or Fund, the Firm will vote any such proxies in the client's best interest and in accordance with EIM's proxy voting policies and procedures. The Firm maintains a record of all proxy decisions and the rationale for voting; this will be retained for inspection by the Client at any time. The Client may contact Client Services for proxy decisions. EIM's complete proxy-voting procedures are available to Managed Accounts, Investors and others upon request.

Other Legal Actions

EIM USA may provide information but will not act or advise Clients in any legal proceedings, including bankruptcies or class actions, involving Investment Funds held or previously held by the Account.

Item 18 – Financial Information

Financial Condition of the Firm

EIM will notify Managed Accounts and Investors should the Firm's financial condition be such that it could hamper the Firm from delivering unconflicted investment advisory services.