

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

March 29, 2012

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This brochure provides information about the qualifications and business practices of Eddystone Capital LLC (the “Adviser” or “Eddystone”). If you have any questions about the contents of this brochure, please contact us at (646) 558-3174. 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.

Eddystone is a registered investment adviser. Registration with the Securities and Exchange Commission (“SEC”) does not imply a certain level of skill or training.

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

Item 2 Material Changes

The Adviser's most recent update to its brochure was made in March 2011. The Adviser's business activities have not changed materially since that time. However the following changes should be noted:

1. The Adviser's address and telephone number have been changed.
2. The Adviser currently serves as investment adviser to American Independence Fusion Fund a mutual fund.
3. The Adviser is no longer affiliated with Van Eck Associates Corporation or with Van Eck Securities Corporation.

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Item 4 Advisory Business

Eddystone provides investment advisory services to private funds, an investment company registered under the Investment Company Act of 1940 (“investment company”) and to high net worth individuals and institutional investors through investment accounts (collectively, the “Accounts”). The Adviser is the surviving company in a merger of Aegis Capital Management, LLC into Kingsley Voake, LLC effected on March 1, 2005, at which time Kingsley Voake, LLC changed its name to Eddystone Capital LLC. The principal owners of Eddystone are Timothy D. Voake and Francis J. Ledwidge.

Eddystone provides investment advisory services to private funds and an investment company based on the investment objectives and restrictions set forth in each private fund’s offering documents and investment company’s prospectus and statement of additional information. In addition, the Adviser provides investment advisory services to high net worth individuals and institutional investors based on each client’s individual objectives, client restrictions, and investment guidelines, as outlined by the client, and other factors deemed relevant by the client and disclosed to the Adviser. In some instances, Accounts have similar investment objectives but are charged different fees. The variation in fee structure of these Accounts is generally reflective of the differing levels of service required to be provided to that type of Account and the complexity of managing the Account. The Adviser will be paid a fee at a certain annual rate of assets under management within the ranges described below under “Fees and Compensation.”

The Adviser does not currently participate as a manager in wrap fee programs.

As of March 24, 2011, the Adviser managed \$33 million of client assets on a discretionary basis and zero assets on a non-discretionary basis.

Item 5 Fees and Compensation

Eddystone currently serves as investment adviser to two private funds, Eddystone Fund LP and Eddystone Offshore Fund, Ltd. (the “Funds”) and to an investment company, American Independence Fusion Fund (“Fusion Fund”). For its services to the Funds, the Adviser receives fees and incentive allocations as follows:

Eddystone Fund LP. (“Partnership”): The Adviser receives a monthly fee at an annual rate of 1% of net assets under management at the beginning of each calendar month. In addition, Eddystone LLC, an affiliate of the Adviser, serves as the General Partner of the Partnership and may receive an incentive allocation of 20% of the annual net profit of a limited partner, subject to a loss carryforward limitation (high-water mark). Therefore, under this loss limitation, Eddystone LLC will not receive an incentive allocation until prior net losses allocated to a limited partner are recouped and the value of the limited partner's capital account exceeds the highest previous value, taking into account any distributions to or contributions or withdrawals by the limited partner, at which an incentive allocation was made. Eddystone LLC has responsibility for day-to-day management of the Partnership. The Adviser, an affiliate of the General Partner, has been engaged to provide discretionary investment advisory and portfolio management services to the Partnership and to arrange for the execution of Partnership portfolio transactions.

Eddystone Offshore Fund, Ltd.: The Adviser receives a monthly fee at an annual rate of 1% of net assets under management as of the beginning of each calendar month. In addition, the Adviser may receive an incentive allocation of 20% of the annual net profit of a shareholder, subject to a loss carryforward limitation (high-water mark). Therefore, under this loss limitation, the Adviser will not receive an incentive allocation until prior net losses allocated to a shareholder are recouped and the value of the shareholder's capital account exceeds the highest previous value, taking into account any distributions to or contributions or withdrawals by the shareholder, at which an incentive allocation was made.

Fusion Fund: The Adviser receives a monthly fee at an annual rate of 0.70% of average total assets. The Adviser does not receive a performance fee.

With respect to the other investment accounts it manages, the Adviser generally charges asset-based fees (typically at an annual rate of 1.0%) on assets under management, and may include a performance-based fee (normally 20%) annually of the increase in value of the account.

With respect to any performance-based fees, the Adviser will be in compliance with Rule 205-3 under the Investment Advisers Act of 1940 (“Advisers Act”) and with applicable no-action positions taken by the SEC. The Adviser will negotiate fees within these limits or may negotiate higher or lower fees, depending upon the nature of the advisory or investment services required. It is not anticipated that fees will exceed industry norms, but will be designed to provide reasonable compensation to the Adviser for its services.

The Adviser’s advisory fees for its clients are determined prior to commencement of services and are generally billed and paid in arrears. It is not anticipated that the Adviser will require the payment of fees six months or more in advance. A client contract may be terminated at any time in accordance with the termination provisions in the contracts.

Investors in a private fund or investment company (each a “fund” and together, “funds”) managed by Eddystone generally will indirectly bear expenses associated with the fund based on an investor’s pro rata investment in the fund. These expenses indirectly may include any legal, accounting and audit fees and expenses, including those associated with regulatory compliance matters, investigating potential investments or maximizing return on existing investments, custodial fees, interest on borrowed funds, transfer taxes, brokerage commissions, other investment expenses and fees, the cost of business travel related to private fund research, statistical services and any extraordinary expenses such as litigation expenses. Investors in a fund also will bear all expenses incurred in connection with the organization of the fund and the continuing offering of its interests. These expenses include, without limitation, legal fees, printing costs and out-of-pocket expenses incurred in connection with the offering.

The investment accounts managed by the Adviser will bear custodial and administrative expenses and other expenses pursuant to agreements with service providers and according to requirements set out in the investment advisory agreements between each client and the Adviser.

The funds and investment accounts will incur brokerage and other transaction costs, as discussed more fully under “Brokerage Practices” below.

At the time of termination of an investment advisory contract for a client who pays fees in advance, the client would be paid a pro rata refund for the portion of the quarter (or other period) for which fees were paid but for which services were not rendered.

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

The Adviser receives performance-based fees from certain of the private funds and investment accounts it manages. These performance-based fees, as noted above in “Fees and Compensation,” are normally 20% annually of the increase in value of the account in excess of a benchmark return. The Adviser does not receive a performance-based fee from the investment company.

The Adviser faces a conflict of interest to the extent that it manages an account for which it receives a performance-based fee at the same time as it manages one or more accounts for which it does not receive a performance-based fee or receives a different level of performance-based fee. A performance-based fee arrangement generally entitles an investment adviser to additional compensation if the performance of an account bearing the performance-based fee exceeds an established benchmark. The Adviser has the potential to receive higher compensation from an account for which it is paid a performance-based fee than for an account that is not charged a performance-based fee or is charged a lower performance-based fee. The Adviser may have an incentive to favor accounts or take increased investment risk on behalf of accounts for which it receives a performance-based fee or a larger performance-based fee because it could receive greater compensation from such accounts. For example, the Adviser may have an incentive to trade in non-performance-based fee accounts to benefit performance-based fee accounts. The Adviser has put into place policies and procedures to address these conflicts of interest, including policies designed to ensure allocation of trades and securities to client accounts on a fair and equitable basis and brokerage commission policies. These policies and procedures are described in more detail below under “Brokerage Practices.”

Item 7 Types of Clients

The types of clients for which the Adviser serves as investment adviser include private funds, an investment company, a trust for high net worth individuals and institutional investors.

The Adviser will determine from time to time the minimum dollar value of accounts which it will accept for management, since below a certain dollar value the Adviser may be unable to make appropriate investments based on a client's investment needs. Also, accounts below a certain asset value are not economical for the Adviser or the client. Currently, the Adviser imposes a \$1,000,000 minimum asset criteria for managing certain investment accounts, and may increase or decrease the minimum without notice, though it may not reduce the minimum investment below \$50,000.

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

Eddystone manages private funds, an investment company and investment accounts (together, the “Accounts”). Eddystone, in accordance with the investment objective of each account, generally seeks to achieve high absolute risk-adjusted returns in excess of the return from a selected benchmark. These benchmarks include, for example, the S&P 500 Index or three-month U.S. Treasury bills. To achieve this investment objective, the Adviser will generally invest on behalf of an Account in both long and short positions in equities and equity derivatives with a geographical focus on the United States, with some international exposure. The Accounts will invest across all market sectors and in corporations of any size, whether large, medium or small. An Account’s long portfolio generally will be diversified, but the short portion of its portfolio may be more concentrated as the overall short exposure will most often be smaller. The Adviser may employ leverage, primarily to reduce volatility, although modest leverage may also be used to enhance returns.

Eddystone, on behalf of each Account, will invest primarily in equities, equity derivatives, convertibles and convertible preferred securities in public markets. Fixed income securities will also be utilized to the extent that their returns are expected by the Adviser to be commensurate or superior to those from equities or cash. An Account may also seek to obtain its objective by buying and selling futures and securities including, but not limited to, publicly traded domestic and foreign index options, warrants, Standard & Poors depositary receipts and other exchange traded issues, worldwide equity baskets and other securities and financial instruments. The Adviser may take speculative positions, engage in short sales, engage in index-based trading, engage in risk arbitrage, and invest in highly volatile markets. The Accounts may be subject to high portfolio turnover.

In accordance with its investment guidelines and restrictions, an Account may allocate a portion of its assets to funds operated by other managers, including, but not limited to, limited partnerships, registered investment companies and exchange-traded funds, limited liability companies and corporations, whether offered publicly or privately, located within or without the United States, managed by U.S. or non-U.S. investment advisers, registered or unregistered, or regulated or unregulated. If an Account invests in other funds, it will pay management fees and incentive fees (or allocations) to those funds. Because an underlying fund may charge incentive fees based on that fund’s performance, an Account itself may pay incentive fees during periods when it is not profitable on an overall basis.

A focus on absolute return is maintained through the “bottom up” process, which tries to identify securities trading at a discount to intrinsic value. The long portfolio is diversified across numerous positions as well as by industry and geography. Capital is allocated based first on risk rather than reward so the highest risk securities receive the smallest allocation. Each position purchased is reviewed on a regular basis and additional commitments are normally only made as corporate results, changes or liaisons with management confirm that the initial synopsis as to potentially improving trends is correct.

The investment strategies and methodologies employed by the Adviser subject an Account to various risks. An investment in an Account managed by the Adviser involves the risk that the Account will not achieve its investment objective. An Account’s value may vary based on market fluctuations caused by such factors as economic and political developments, changes in interest rates, and perceived trends in security prices. The investment performance of an Account utilizing the particular methods of analysis employed by the Adviser may result in an Account performing less well than an Account managed by utilizing other methods of analysis. Investment in an Account managed by the Adviser involves the risk of losing money. Investing in securities involves the risk of loss that clients should be prepared to bear.

The primary investment strategies and methodologies employed by the Adviser, in each case depending on the investment objectives, investment strategies, and restrictions of a particular Account, are set out below with a description of the primary risks of those types strategies and methodologies.

The greatest risk that an Account faces is that of market risk. While an Account’s portfolio generally offers some degree of geographical diversification, normally has some short positions and individual equities are purchased with a view to absolute return, an Account may sometimes exhibit volatility akin to the S&P 500 Index. It is the Adviser’s perspective that this market risk is being taken purposefully. It is the Adviser’s intention to offset market risk as necessary through the occasional use of a market overlay, which will lower the Value at Risk

of an Account. This overlay is operated typically by the purchase of puts on indices or index depositary receipts in order to mitigate the overall impact of any potential ensuing market decline. The appropriate timing for buying such “insurance” through an overlay is indeterminate but may be more “visible” in the sense that it may be highlighted by certain factors. It is the Adviser’s experience that the best “visibility” for the initiation of an overlay tends to coincide with periods when the number of opportunities to buy individual equities is low. This may be illustrated by relatively few companies’ equities trading below their intrinsic value. Similarly the number of opportunities to short equities may be on the increase. Conversely, when volatility is high, most often after a market decline, it tends to be appropriate to desist from further purchases of puts.

Speculative Purchases of Securities. The Adviser may make certain speculative purchases of securities on behalf of an Account. Such purchases may include securities which the Adviser believes to be undervalued, or where a significant position in the securities of the particular company has been taken by one or more other persons or where other companies in the same or a related industry have been the subject of acquisition attempts. There can be no assurances that securities which the Adviser believes to be undervalued are in fact undervalued. Nor can there be any assurances that undervalued securities will increase in value. If an Account purchases securities in anticipation of an acquisition attempt or reorganization, and an acquisition attempt or reorganization does not in fact occur, the Account may sell the securities at a substantial loss. Further, when securities are purchased in anticipation of an acquisition attempt or reorganization, a substantial period of time may elapse between an Account’s purchase of the securities and the acquisition attempt or reorganization. During this period, a portion of the Account’s capital would be committed to the securities purchased, and the Account may finance such purchases with borrowed funds on which it will have to pay interest.

Concentration of Investments. The Adviser generally will attempt to diversify an Account’s portfolio over time by investing not more than 10% of its assets in any individual company and allocating no more than 30% of its assets to any given industry. Both of the aforementioned percentage limitations will be measured only at the time an investment is made. Subsequent changes in the value of an Account’s portfolio holdings may therefore result in an Account holding positions in any one company or in companies in any one industry in excess of these percentages. Accordingly, however, an Account may at certain times hold concentrated investment positions (relative to its capital) with the result that a loss in any such position could have a material adverse impact on an Account’s capital. These limitations are more restrictive for an investment company and are more fully described in the investment company’s prospectus and statement of additional information.

Short Sales. The Adviser may effect short sales of securities as part of an Account’s hedging strategy in a given investment or in those instances when the Adviser is of the belief that a given security is over-priced. Short sales are transactions in which an Account sells a security which it does not own (by borrowing such security), in anticipation of a decline in the market value of the security. Although an Account’s gain is limited by the price at which it sold the security short, losses from short sales may be unlimited if the price of the security sold short continues to appreciate. Additionally, even though an Account secures a “good borrow” of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing an Account to purchase the security at the then prevailing market price which may be higher than the price at which such security was originally sold short by an Account.

Highly Volatile Markets. The prices of financial instruments in which an Account’s assets may be invested can be highly volatile and may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. An Account also is subject to the risk of the failure of any of the exchanges on which an Account’s positions trade or of their clearinghouse.

Risk Arbitrage Transactions. The Adviser may engage in risk arbitrage transactions where it will purchase or sell short securities at prices below or above the anticipated value of the cash, securities or other consideration to be paid or exchanged for such securities in a proposed merger, exchange offer, tender offer or other similar transaction. Such purchase price may be substantially in excess of the market price of the securities prior to the announcement of the merger, exchange offer, tender offer or other similar transaction. If the proposed merger, exchange offer, tender offer or other similar transaction later appears likely not to be consummated or in fact is not consummated or is

delayed, the market price of the security may decline sharply and result in losses if such securities are sold, transferred or exchanged for securities or cash, the value of which is less than the purchase price. Alternatively, the Adviser may sell a security short or enter into an option strategy in anticipation of the security's price not exceeding a specific value or remaining within a certain value range. If the proposed merger, exchange offer, tender offer or other similar transaction were to occur at a price in excess of that anticipated by the Adviser at the time of such trade, an Account may incur a loss on such short sale or option strategy. In certain transactions, an Account may not be "hedged" against market fluctuations. This can result in losses, even if the proposed transaction is consummated. In addition, a security to be issued in a merger or exchange offer may be sold short by an Account in the expectation that the short position will be covered by delivery of such security when issued. If the merger or exchange offer is not consummated, an Account may be forced to cover its short position at a higher price than its short sale price, resulting in a loss.

Portfolio Turnover. The Adviser generally is not subject to any limits on the rate of an Account's portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Adviser, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate.

Derivative Transactions Generally. To the extent permitted by the Account, the Adviser may engage in derivative transactions such as swaps, collars, caps, floors, credit default swaps and other credit derivatives, and forwards both for hedging purposes and as an alternative to direct investments in the underlying securities. The risks associated with derivative transactions are potentially greater than those associated with the direct purchase or sale of the underlying securities because of the additional complexity and potential for leverage. In addition, derivatives may create credit risk (the risk that a counterparty on a derivative transaction will not fulfill its contractual obligations), as well as legal, operations, reputational and other risks beyond those associated with the direct purchase or sale of the underlying securities to which their values are related.

The Adviser does not recommend any particular type of security to its clients; rather the Adviser recommends securities and other instruments to its clients based on the investment objectives and strategies of each client. All investments in securities and other instruments involve risk, including the risk that the investment will lose value or will perform less well than expected. Each of the Accounts managed by the Adviser is subject to risk associated with the investment strategy and methods of analysis of the Account.

Fixed-Income Investments Generally. The value of the fixed-income securities in which an Account invests will generally change as the general levels of interest rates fluctuate. Generally, when interest rates decline, the value of an Account's fixed-income portfolio can be expected to rise. Conversely, when interest rates rise, the value of a fixed-income portfolio can be expected to decline. Although the Adviser will attempt to hedge fully an Account's interest rate risk, the Adviser may fail to achieve the intended hedge or may expose an Account to additional risk through the hedging transactions it enters into.

Non-U.S. Securities; Non-U.S. Currencies. An Account may invest in securities of non-U.S. issuers and in other financial instruments denominated in various currencies. An Account may purchase securities of issuers in any country, developed or undeveloped. In addition, in order to hedge foreign currency exchange rate risks which may arise from the purchase of such securities or other reasons incidental to an Account's business, an Account may invest in foreign currencies and foreign currency-related products. These types of investments entail risks in addition to those involved in investments in securities of domestic issuers. Investing in non-U.S. securities may represent a greater degree of risk than investing in U.S. securities due to exchange rate fluctuations, possible exchange controls, less publicly-available information, different accounting and auditing standards, more volatile markets, less securities regulation, less favorable tax provisions (including possible withholding taxes), political and social upheaval, war or expropriation. Non-U.S. securities also may be less liquid and more volatile than U.S. securities and may involve higher transaction and custodial costs. In addition, hedging foreign currency exchange rate risk entails additional risk since there may be an imperfect correlation between an Account's portfolio holdings of securities denominated in a particular currency and an Account's portfolio holdings of currencies and foreign currency related products purchased by an Account to hedge any exchange rate risk. Such imperfect correlation may prevent an Account from achieving the intended hedge or expose an Account to additional risk of foreign exchange rate loss.

Foreign Currency Risks. An Account's exposure to investments in non-U.S. securities denominated in foreign currencies may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Changes in foreign currency exchange rates influence values within an Account's portfolio. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, gains and losses realized on the sale of securities and net investment income and gains, if any, of an Account. The rate of exchange between the U.S. dollar and other currencies is determined by the forces of supply and demand in the foreign exchange markets. These forces are affected by international balance of payments and other economic and financial conditions, government intervention and other political and diplomatic conditions, speculation and other factors.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by an Account due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Adviser would otherwise recommend, to the possible detriment of an Account. Market illiquidity or disruption could result in significant losses to an Account.

Futures. An Account may engage in transactions in commodity futures contracts, options on futures contracts and in other products which may be traded on commodities exchanges regulated by the Commodity Futures Trading Commission ("CFTC") or international exchanges.

Substantially all trading in commodities and futures has as its basis a contract to purchase or sell a specified quantity of a particular asset at a specified price for delivery at a specified time, although certain financial instruments, such as market index futures contracts, may be settled only in cash based on the value of the underlying composite index. Futures trading involves trading in contracts for future delivery of standardized, rather than specific, lots of particular assets. Futures prices are highly volatile. Price movements for the futures contracts which an Account may trade are influenced by, among other things, changing supply and demand relationships, government, trade, fiscal, and economic events, and changes in interest rates. Governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly.

High Yield Securities. An Account may invest in "high yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Exchange Traded Funds (ETFs). ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks or bonds, which are designed to generally correspond to the price and yield performance of their underlying indexes, either broad stock market, stock industry sector, international stock, or U.S. bond. ETF shareholders are subject to risks similar to those of holders of other diversified portfolios. A primary consideration is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. This is because an equity (or bond) ETF represents an interest in a portfolio of stocks (or bonds). When interest rates rise, bond prices will generally decline, adversely affecting the value of fixed income

ETFs. Moreover, the overall depth and liquidity of the secondary market may also fluctuate. A sector ETF may also be adversely affected by the performance of that specific sector or group of industries on which it is based. International investments may involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, or economic or political instability in other nations. Although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indexes, ETFs may not be able to exactly replicate the performance of the indexes because of their expenses and other factors.

Convertible Securities. An Account may invest in convertible securities. In general, the sensitivity of the price of a convertible security to changes in the price of the underlying stock, commonly known as its “Delta,” is less than one. Thus, if the common stock rises by a certain percentage, the related convertible security should rise by less. Equally, if the common stock were to decline, the convertible should fall by a lesser amount. A convertible arbitrage strategy generally further reduces the effect of overall market appreciation or depreciation (market risk) on a given equity security and corresponding convertible debt instrument as a result of the offsetting nature of the matched positions.

Nevertheless, a convertible arbitrage strategy will still be sensitive to price changes in the underlying securities markets. Convertible arbitrage is, in essence, most often a defensive strategy, as it forsakes much or all of the benefit of a rising market in order to be protective in a declining market. However, the return profile from convertible arbitrage in a falling market is generally superior to its return generated in a rising market; assuming the underlying convertible issue to be still creditworthy, at some point its income or redemption characteristics become more important determinants of its price and further limit its decline relative to the underlying equity.

There are a number of other potential risks associated with convertible arbitrage. Normally, because of its additional yield characteristics, it is necessary for a buyer of convertibles to pay a conversion premium over the underlying equity. There are circumstances when the conversion premium can erode more quickly than anticipated, such as when a takeover bid is announced for the underlying equity or, on occasion, when the convertible security is redeemed. Any one of these factors could prove detrimental to an Account’s value or its liquidity. Liquidity of convertibles is not always assured, and there can be periods of temporary market dislocation when prices and arbitrage positions may be distorted.

Small Companies. An Account may invest in small and/or less well-established companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification, and competitive strength of larger corporations. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. In addition, due to thin trading in some of those stocks, an investment in those stocks may be considered less liquid than an investment in many large-capitalization stocks. When making large sales, an Account may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

Repurchase Agreements and Reverse Repurchase Agreements. An Account may enter into repurchase and reverse repurchase agreements. Repurchase agreements entail the purchase of a financial instrument from a bank or broker-dealer that agrees to repurchase the financial instrument at an Account’s cost plus interest within a specified time. If the party agreeing to repurchase should default, as a result of bankruptcy or otherwise, an Account may seek to sell the securities which it holds, which action could involve costs or delays in addition to a loss on the financial instruments if their value should fall below their repurchase price. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, an Account’s ability to dispose of the underlying financial instruments may be restricted. Similarly, the entering into of reverse repurchase agreements involves certain risks. A reverse repurchase agreement involves the sale of a financial instrument by an Account and its agreement to repurchase the financial instrument at a specified time and price. Under a reverse repurchase agreement, an Account continues to receive any principal and interest payments on the underlying financial instrument during the term of the agreement.

Trading in Options. An Account may purchase and sell (“write”) options on securities, currencies and commodities on national and international exchanges and over-the-counter markets. Trading in options may be used to reduce the risks attendant to short-selling, to reduce overall market exposure, or to establish or increase long or short positions. Options trading is speculative and involves a high degree of risk.

The seller ("writer") of a put option which is covered (e.g., the writer has a short position in the underlying instrument) assumes the risk of an increase in the market price of the underlying instrument above the sales price (in establishing the short position) of the underlying instrument, plus the premium received, and gives up the opportunity for gain on the underlying instrument below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying instrument, the loss on the put will be offset in whole or in part by any gain on the underlying instrument.

The writer of a call option which is covered (e.g., the writer has a long position in the underlying instrument) assumes the risk of a decline in the market price of the underlying instrument below the value of the underlying instrument less the premium received, and gives up the opportunity for gain on the underlying instrument above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying instrument, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying instrument.

Options may be cash settled, settled by physical delivery or by entering into a closing transaction. In entering into a closing purchase transaction, an Account may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written. In addition, the correlation between option prices and the prices of underlying securities may be imperfect and the market for any particular option may be illiquid at a particular time.

Stock options that may be purchased by an Account include options not traded on a securities exchange. Options not traded on an exchange are not issued by the Options Clearing Corporation; therefore, the risk of non-performance by the obligor on such an option may be greater and the ease with which an Account can dispose of such an option may be less than in the case of an exchange traded option issued by the Options Clearing Corporation.

An Account also may purchase put and call options on stock indices as a hedge against general movements in the securities market or as a hedge against individual positions, on a temporary basis or otherwise. A stock index option is a contract which gives the buyer the right to buy, in the case of a call, or sell, in the case of a put, a specified amount of the stock index at the option exercise price. For example, an Account may purchase put options on an index in anticipation of a decrease in the market value of the securities underlying the index. The use of options on stock indices enables an Account to quickly obtain exposure to the equity markets as a hedge against general movements in the securities market or to establish positions which the Adviser believes may increase the return of an Account. Furthermore, if the Adviser anticipates a short-term change in stock prices, the purchase of options on stock indices might reduce the need to liquidate positions and possibly repurchase such positions at a later time.

Portfolio Fund Limitations on Redemption. A portion of an Account's assets may be invested in other funds. While investors in an Account have certain redemption rights, the portfolio funds may not permit redemptions at the same intervals or on the same notice. For this reason, with respect to the private funds the General Partner has authority to restrict investors' redemption rights, on a *pari passu* basis among all investors, if and to the extent a private fund is unable to obtain sufficient funds to honor redemption requests by withdrawing from the portfolio funds, through borrowings, or otherwise. Private fund investors requesting the redemption of their interests in a private fund thus may experience potentially major delays in receiving payments.

Expenses. To the extent an Account invests in other funds, an Account will have two levels of expenses, which may cause an Account to have a higher expense to assets ratio than other investment entities. Account holders will be subject to the Management Fee and Incentive Allocation described herein and will also bear their allocable share of the Management Fees and Incentive Allocations that an Account pays in its capacity as an investor in the portfolio fund.

Limited Liquidity of Some Investments. Some of the securities in which an Account invests may be or become relatively illiquid, because they are thinly traded, they are subject to transfer restrictions, or the circumstances of an Account's ownership of them (e.g., Accounts the Adviser manages hold a large block) give rise to practical or regulatory limits on an Account's ability to liquidate quickly. An Account may not be able promptly to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may

therefore be affected. In addition, the value assigned to such securities for purposes of determining Account holder's ownership percentages and determining net profits and net losses may differ from the value an Account is ultimately able to realize.

Loans of Portfolio Securities. An Account may from time to time lend securities from its portfolio to brokers, dealers and financial institutions and receive collateral in the form of cash or securities in an amount equal to at least 100% of the current market value of the loaned securities, including any accrued interest or dividend receivable. An Account will retain all rights of beneficial ownership as to the loaned portfolio securities, including voting rights and rights to interest or other distributions, and will have the right to regain record ownership of loaned securities to exercise such beneficial rights. Such loans will be terminable at any time. An Account may pay finders', administrative and custodial fees to persons unaffiliated with an Account in connection with the arranging of such loans.

Item 9 Disciplinary Information

Neither the Adviser nor its management persons have been subject to legal or disciplinary events that are material to its advisory business or that would be material to its existing or prospective clients' evaluation of its advisory business or the integrity of its management.

Item 10 Other Financial Industry Activities and Affiliations

Eddystone serves as investment adviser for two private funds, Eddystone Fund LP and Eddystone Offshore Fund, Ltd. (the “Funds”) and to one investment company registered under the Investment Company Act of 1940. The Adviser’s investment advisory services to each of these funds are material to its advisory business.

Eddystone LLC, an affiliate of the Adviser, serves as General Partner to the Eddystone Fund LP. Eddystone LLC may receive an incentive allocation based on the performance of Eddystone Fund LP. Potential conflicts of interest associated with this incentive allocation are discussed above under “Performance-Based Fees and Side-By-Side Management.”

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

The Adviser has adopted a Code of Ethics (the “Code”) in accordance with Rule 204A-1 under the Advisers Act . The Code is based on the Adviser’s fiduciary duty to its clients. The fundamental tenants of the Code include: (1) place the interests of clients first at all times; (2) conduct personal securities transactions in a manner so as to be consistent with the Code and avoid any actual or potential conflict of interest or any abuse of an employee’s position of trust and responsibility; (3) refrain from taking inappropriate advantage of the relationship with the clients; (4) maintain the confidentiality of security holdings and financial circumstances of clients; and (5) maintain independence in the investment decision making process.

As a fiduciary, the Adviser and its employees owe an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of its clients. Generally, the Code imposes the following five basic requirements on the Adviser and its employees: (1) they must comply with all applicable federal law; (2) they must avoid all conflicts of interest and disclose all material facts concerning any conflict that may arise with respect to any client; (3) their conduct must conform with the ethical standards set for them in the Code; (4) their personal securities transactions must comply with the Code; and (5) they must obtain prior approval for securities transactions as required under the Code.

In addition, at the commencement of employment and thereafter annually, all “access persons” must sign an acknowledgment that they have received, read and understand all provisions of the Code and agree to be subject to the Code, and any amendments. Access persons are supervised persons who have access to non-public information regarding a client’s purchase or sale of securities or to non-public information regarding portfolio holdings, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public. Access persons include all employees, officers and directors of the Adviser.

Generally, the Code requires access persons to obtain pre-clearance of all covered transactions in their own personal accounts as well as accounts held by members of their household. In addition, access persons must report all investment holdings in these accounts. The Code also requires that access persons report all transactions in securities, with limited exceptions, to the Chief Compliance Officer no later than 30 days after the end of the calendar quarter.

Under the Code, no access person may buy or sell any security on the day an account trades in that security. In addition, no access person may engage in short-term trading, as set forth in Section 16(b) of the Securities Exchange Act of 1934, of any security.

In addition, the Code prohibits access persons from buying or selling any security for his or her account if he or she knows at the time of the transaction that the security is being purchased or sold, or is being considered for purchase or sale by an Account. The Code enables access persons to purchase securities in an IPO or a private placement, provided that he or she makes certain representations on a pre-clearance form and obtains approval of the purchase.

A security is “considered for purchase or sale” when a recommendation to purchase or sell a security is being made or has been made and communicated and is “recommended” when the person making the recommendation seriously considered making the recommendation. However, the Adviser or its affiliates or the accounts (including funds) that it manages may buy, sell or recommend the purchase or sale of a security or other instruments if the Adviser or an employee, affiliate or related person owns an interest in the fund or account or receives a performance fee. In some circumstances, the Adviser, an affiliate, or an employee may be deemed to be a principal for those transactions because of that ownership interest. The Adviser seeks to fairly allocate opportunities and monitors the accounts that it manages with respect to allocation.

The Adviser, its affiliates and related persons may hold securities or other investments which are purchased by client accounts in the open market, as part of initial public or secondary offerings. If these holdings entitle the Adviser, its affiliates and related persons to participate in initial public or secondary offerings, these persons will, at their discretion, participate in such offerings on terms deemed by the Adviser to be equitable with other Accounts advised by the Adviser.

A copy of the Adviser’s code of ethics will be provided upon request.

Item 12 Brokerage Practices

Generally, the Adviser has authority to determine without client consent the amount of securities or other instruments to be bought and sold and the specific securities or other instruments to be bought and sold. Limitations on the ability of an Account to engage in transactions include restrictions in the offering materials in the Funds or contract agreements applicable to the account. In transactions on stock exchanges in the United States, brokerage commissions are negotiated. A particular broker-dealer may charge different commissions according to such factors as the difficulty and size of the transaction and the volume of business with such broker-dealer, whereas on foreign stock exchanges these commissions are generally fixed and are generally higher than brokerage commissions in the United States. In the case of securities and derivatives traded on the over-the-counter markets, there are generally no stated commissions, but the price usually includes an undisclosed commission or markup. In underwritten offerings, the price often includes a disclosed fixed commission or discount retained by the underwriter or dealer.

In determining the broker-dealers through which to initiate securities transactions for client accounts, it is the Adviser's policy to obtain quality execution at the most favorable prices. In selecting a broker-dealer, the Adviser may consider various relevant factors, although no one factor is determinative in the Adviser's decision-making process, these factors include, but are not limited to, best price, current market conditions, time constraints, liquidity, volatility in the markets, volatility in the particular type of security or asset, size and type of transaction, the nature and character of the market for the security or asset in the transaction, confidentiality, execution efficiency, settlement capabilities, financial condition of the broker-dealer, full range and quality of the broker-dealer's services, the responsiveness, reputation, reliability and experience of the broker-dealer, the reasonableness of any commissions or spreads, difficulty of execution, ability and willingness to commit capital to the transaction, past effectiveness in executing illiquid or difficult types of securities or assets or difficult types of orders, and the value of brokerage and research services provided.

The Adviser generally does not enter into soft dollar arrangements to effect transactions through a broker-dealer who furnishes brokerage and/or research services that result in the payment of a commission in excess of the commission another broker-dealer would have received for executing the transaction. The Adviser may, however, enter into these arrangements in its sole discretion. The use of client brokerage commissions to obtain research or other products or services benefits the Adviser because the Adviser does not have to produce or pay for the research, products or services received in exchange for the commissions. The Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its clients' interest in receiving most favorable execution.

Any research service received through a broker-dealer may be used by the Adviser in connection with client accounts other than those accounts which pay commissions to such broker-dealer. The research service received by the Adviser through a soft dollar arrangement may benefit clients' accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which such research service was received. The Adviser does not seek to allocate soft dollar benefits to Accounts proportionately to the soft dollar credits that the Accounts generate.

The Adviser may receive research services through soft dollar arrangements when the Adviser determines in good faith that the commission paid is reasonable in relation to the value of the brokerage and/or research services, as defined in Section 28(e) of the Securities Exchange Act of 1934, which have been provided by the effectuating broker-dealer. In making any such determination, the Adviser will not attempt to place a specific dollar value on the brokerage and research services provided or to determine what portion of the commission should be related to such services. Because many of those services could be considered to benefit the Adviser, and because the "soft dollars" used to acquire them are assets of the client, the Adviser could be considered to have a conflict of interest in allocating client brokerage business. Although the Adviser believes that the client will benefit from many of the services obtained with "soft dollars" generated by client trades, the client may not benefit from all of these "soft dollar" services. Such research services may include, but are not limited to, the following: computer analyses of securities portfolios, performance measurement services used in making investment decisions, stock price quotation services, computerized historical financial databases and equipment to retrieve such data, brokerage analysts' earnings estimates, publications concerning performance of various investment portfolios, charts or statistical analysis of individual portfolio securities versus other securities in the same industry, including stock history, volatility and performance, software dedicated to research, conference calls and seminars (not including

airfare and living expenses), political analyses, and specialized political or economic analyses. Such services may be provided by broker-dealers which execute portfolio transactions for the clients of the Adviser or by third parties with whom these broker-dealers have arrangements. All soft dollar arrangements providing nonproprietary research requires approval from the Chief Compliance Officer and Chief Investment Officer.

All other services obtained by the use of commissions arising from clients' investment transactions will be limited to services that would otherwise be an Account expense. The use of commissions to obtain such other services may be outside the parameters of Section 28(e).

Soft dollar arrangements may also include services which are subject to "mixed use" both for research purposes as well as for non-research purposes. In such cases, the Adviser will make a good faith determination of such allocation based upon its review of the usage of each product. The Adviser reimburses the soft dollar broker for the nonresearch portion of the product or service.

Generally, Section 28(e) of the Securities Exchange Act of 1934 is limited to agency transactions. If the Adviser executes a principal transaction or the transaction occurs in a market in which the dealer traditionally acts as a principal (e.g., OTC market-maker), there may be questions as to the ability to engage in soft dollar transactions. The Adviser generally will engage in only riskless principal transactions. The Adviser will only effectuate riskless principal transactions when the transaction (1) fully discloses the amount of the mark-up, markdown or commission equivalent and (2) the transaction is reported under the conditions that provide independent and objective verification of the transaction price subject to oversight by a self-regulatory organization ("SRO").

The Adviser generally does not request or require that a client direct it to execute client transactions through a specified broker-dealer. Certain of the Adviser's clients, however, may specify a custodian to maintain the client's assets that are managed by the Adviser. Under those circumstances, in connection with the custodial agreement, the client may require the Adviser to use the custodian as broker for transactions involving the client's assets held with the custodian. If the Adviser is required to use a particular broker for a client transaction, the Adviser may be unable to achieve most favorable execution with respect to that transaction, and the transaction may be subject to higher costs, such as brokerage commissions, than if the Adviser could select among brokers. Such a transaction may also be subject to higher costs because the Adviser may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

The Adviser or its affiliates may receive certain other services from brokers that are beneficial to the Adviser or its affiliates, but not necessarily beneficial to the Accounts managed by the Adviser, including, without limitation, capital introduction services. Such services may present conflicts of interest for the Adviser, which is responsible for negotiating with brokers for margin, brokerage, or other fees. Were the Adviser to engage in soft dollar practices, to address potential conflicts of interest associated with capital introduction services, the Adviser's investment committee will review all brokerage quarterly to ensure compliance with the Adviser's policies and procedures as discussed above.

In general, all contemporaneous trades for all Accounts may be aggregated in a single order if the Adviser, in exercising reasonable judgment at the time of the aggregation, believes the bunched trade is reasonably likely to result in an overall economic benefit to each Account based on an evaluation that the client will benefit from relatively better purchase or sale prices, lower commission expenses or beneficial timing of the transactions, or a combination of these and other factors. In many instances, the purchase or sale of securities for clients will be effected simultaneously as set forth above. Such transactions may be made at slightly different prices, due to the volume and execution time of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, and at the Adviser's sole discretion, the clients may be charged or credited, as the case may be, the average transaction price.

Often, the same investment decision is made for more than one Account. In these circumstances, the executed portion of combined transaction orders for two or more Accounts will be allocated, when possible, on a pro-rata basis (to the nearest round lot), with each Account receiving a percentage of the executed portion of the order based upon each Account's percentage of the original order. This policy will apply to all Accounts participating in the execution under the same trading circumstances (price limits, time of entry, etc.). The allocation will be made at the average execution

price or at prices mathematically closest to the average price. Every effort will be made to use a single average price in such allocations; the documentation will be maintained by the executing broker. The executing broker will provide an average price for the day for the execution(s) unless the orders are placed separately with a wide discrepancy in price paid/received. This process will differ when shorting securities or when participating in pairs trading. On those occasions, the trades will be allocated as entered.

Generally, allocation of trades should be pro rata across similar Accounts. When allocating trades among clients, the Adviser will consider an account's restrictions and liquidity. The Adviser will not allocate opportunities to favored Accounts (such as accounts paying higher or performance fees) or in order to level performance among multiple Accounts. Generally, new issues and secondary offerings will be allocated pro rata across similar Accounts (see above). However, if the size of the combined order appears to be unobtainable, the Adviser's employees responsible for the allocation (traders and portfolio managers) will allocate the executed portion of the transaction in a fair and reasonable manner across all interested accounts, which may include accounts managed by affiliates. Generally, orders will be allocated on a pro rata basis, with consideration given to maintain round lots. Non pro rata post-execution allocations will be documented by the Adviser's employee responsible for the allocation with a brief notation as to the reason.

Item 13 Review of Accounts

For investment management purposes, each Account is assigned to a portfolio manager or two managers who have primary responsibility for the Account. The frequency of reviews varies and is dependent on various factors such as relevant market, economic, political, social, and monetary events. Generally, each Account is reviewed by a portfolio manager at least quarterly.

Advisory clients receive written reports on a quarterly basis, listing investments in the Account, and showing cost, current market value, yield and income information as may be required by the Account. A discussion of investment strategy is also included in the quarterly reports to the clients.

Item 14 Client Referrals and Other Compensation

The Adviser may have arrangements with companies and individuals who act as solicitors in obtaining new advisory business. The solicitors are compensated by the Adviser under differing schedules. In addition to a possible monthly fee, the solicitor may receive a percentage of the incentive allocation or a percentage of the net profits of the Adviser. The advisory fees charged to a client are not impacted by such payments to the solicitor.

Item 15 Custody

Investment account clients of the Adviser will receive account statements from broker-dealers, banks or other qualified custodians with respect to their assets managed by the Adviser. Clients should carefully review the account statements they receive from qualified custodians. As these clients may also receive account statements from the Adviser, they should compare those statements with the account statements they receive from the qualified custodian.

The private funds and investment company assets are held by “qualified custodians.” The investors in the private funds and investment company receive audited financial statements within 120 days of the end of the entity’s fiscal year-end.

Item 16 Investment Discretion

The Adviser has discretionary authority to manage investment accounts on behalf of its clients. The Adviser's authority to take actions on behalf of each Account is described and agreed to by each client in the investment management agreement between the Adviser and the client. The investment management agreements may include limited powers of attorney granted to the Adviser in connection with its investment management services to the client.

Item 17 Voting Client Securities

In accordance with Rule 206(4)-6 under the Advisers Act, the Adviser has adopted and implemented written policies and procedures for voting client proxies it receives. Generally, the Adviser, when granted proxy voting authority by a client, will fulfill its obligations by voting in a manner that is in the best interest of its client. The Adviser may abstain from voting, but only if the Adviser determines that it is in the client's best interest. The Adviser will vote proxies on behalf of clients, unless otherwise instructed by the client. The Adviser will use reasonable efforts in researching the issue in making a determination of what is in the client's best interest. In making its determination and an informed decision, the Adviser may use outside public documents and other readily available information regarding the company or issue. The Adviser has set-forth pre-determined guidelines on certain reoccurring and significant proxy topics. Generally, the Adviser will vote in accordance with these pre-determined policies, unless it is determined that it would not be in the best interest of its client. In addition, some of the topics will be voted on a case-by-case basis.

Generally, where a conflict of interest exists on any management or shareholder proxies that are voted on a case- by-case basis, the Adviser will follow the recommendation of an independent proxy service provider. The independent proxy service provider will act in the client's best interest when making its determination on the proposal.

Where there is a material conflict of interest, the Adviser will execute its proxy vote in accordance with the following: (1) where the Adviser has set forth a pre-determined voting policy in its written procedures, proxies will be voted in accordance with that policy, with no deviations (if a deviation is advisable, one of the other methods may be used); (2) where the written guidelines permit discretion and an independent third party is retained to vote proxies, proxies will be voted in accordance with the predetermined policy based on the recommendations of that party; or (3) the potential conflict will be disclosed to the client (a) with a request that the client vote the proxy, (b) with a recommendation that the client engage another party to determine how the proxy should be voted, or (c) if the foregoing are not acceptable to the client, disclosure of how the Adviser intends to vote and a written consent to that vote by the client.

The Adviser has policies for voting proxies when received by the Adviser. The Adviser will maintain records for each matter relating to a portfolio security with respect to which a client was entitled to vote.

A copy of the Adviser's proxy voting policies and its voting record will be provided upon request.

Item 18 Financial Information

Eddystone is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.