

ITEM 1
COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

IVORY INVESTMENT MANAGEMENT, L.P.
JUNE 29, 2012

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Ivory Investment Management, L.P. (the “Investment Adviser”). If you have any questions about the contents of this Brochure, please contact us at (310) 899-7300 or www.ivorycapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The Investment Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Ivory Investment Management, L.P. also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2

MATERIAL CHANGES

The Investment Adviser is required to identify and discuss any material changes made to its Brochure since the last annual update. This Brochure is the Investment Adviser's Form ADV Part 2A submitted to the SEC pursuant to amendments made to certain rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Investment Adviser previously provided to its clients a Form ADV Part 2A, dated March 29, 2012 (the "Prior ADV Part 2A"), which was used as a basis for certain disclosure provided in this Brochure. Differences between the Prior ADV Part 2A and this Brochure are generally attributable to additional disclosures about the Non-Core Funds (defined below), and not to any material changes in the qualifications or business practices of the Investment Adviser. Accordingly, there are no material changes to report. If the Investment Adviser makes any material changes to this Brochure, this section will be revised to include a summary of such changes.

ITEM 3

TABLE OF CONTENTS

ITEM 1 COVER PAGE.....	1
ITEM 2 MATERIAL CHANGES	1
ITEM 3 TABLE OF CONTENTS.....	2
ITEM 4 ADVISORY BUSINESS	4
A. General Description of Advisory Firm.....	4
B. Description of Advisory Services.....	4
C. Availability of Customized Services for Individual Clients.....	6
D. Wrap Fee Programs.	6
E. Assets Under Management.....	6
ITEM 5 FEES AND COMPENSATION	7
A. Advisory Fees and Compensation.	7
B. Payment of Fees.....	8
C. Additional Fees and Expenses.	8
D. Prepayment of Fees.....	8
E. Additional Compensation and Conflicts of Interest.	8
ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	9
ITEM 7 TYPES OF CLIENTS	10
ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .	11
A. Methods of Analysis and Investment Strategies.....	11
B. Material, Significant or Unusual Risks Relating to Investment Strategies.	11
C. Risks Associated With Particular Types of Securities	17
ITEM 9 DISCIPLINARY INFORMATION	26
ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	27
A. Broker-Dealer Registration Status.....	27
B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status.....	27
C. Material Relationships or Arrangements with Industry Participants.....	27
D. Material Conflicts of Interest Relating to Other Investment Advisers.....	27
ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	28
A. Code of Ethics.....	28
B. Securities that the Investment Adviser or a Related Person Has a Material Financial Interest.	28
C. Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients.	29
D. Conflicts of Interest Created by Contemporaneous Trading.	29
ITEM 12 BROKERAGE PRACTICE.....	30
A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.	30
B. Order Aggregation.	32
C. Trade Error Policy.	32
D. Trade Allocation Policy.....	32

ITEM 13 REVIEW OF ACCOUNTS.....	33
A. Frequency and Nature of Review of Client Accounts or Financial Plans.	33
B. Factors Prompting Review of Client Accounts Other than a Periodic Review.	33
C. Content and Frequency of Account Reports to Clients.	33
ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION.....	34
A. Economic Benefits for Providing Services to Clients.	34
B. Compensation to Non-Supervised Persons for Client Referrals.....	34
ITEM 15 CUSTODY	35
ITEM 16 INVESTMENT DISCRETION	36
ITEM 17 VOTING CLIENT SECURITIES.....	37
A. Policies and Procedures Relating to Voting Client Securities.....	37
B. No Authority to Vote Client Securities and Client Receipt of Proxies.	37
ITEM 18 FINANCIAL INFORMATION	38

ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm.

Ivory Investment Management, L.P. (“Ivory” or the “Investment Adviser”) is a limited partnership organized in 1998 under the laws of the state of Delaware. Its general partner is IIM GP, LLC, a limited liability company also organized in 1998 under the laws of the state of Delaware (the “Investment Adviser General Partner”). The Investment Adviser General Partner owns 1% of limited partnership interests in Ivory. Certain employees and officers own the remaining 99% of Ivory limited partnership interests, the majority of which is owned by co-founder Curtis Macnguyen. Curtis Macnguyen and Christopher Winkler are the managing members of the Investment Adviser General Partner. The Investment Adviser General Partner has ultimate responsibility for the management, operations and the investment decisions made by the Investment Adviser.

B. Description of Advisory Services.

Advisory Services.

The Investment Adviser serves as the investment manager with discretionary trading authority to private pooled investment vehicles (each, a “Fund” and collectively, the “Funds”). Ivory’s core Funds consist of (1) the funds constituting Ivory’s “Flagship Strategy”, which include Ivory Flagship Master, Ltd., a Cayman Islands exempted company, and its two feeder funds: Ivory Offshore Flagship Fund, Ltd., a Cayman Islands exempted company, and Ivory Flagship Fund, L.P., a Delaware limited partnership; (2) the funds constituting Ivory’s “Enhanced Strategy”, which include Ivory Enhanced Master, Ltd., a Cayman Islands exempted company, and its two feeder funds: Ivory Offshore Enhanced Fund, Ltd., a Cayman Islands exempted company, and Ivory Enhanced Fund, L.P., a Delaware limited partnership; and (3) the funds constituting Ivory’s “Alpha Strategy”, which include Ivory Alpha Master, Ltd., a Cayman Islands exempted company, and its two feeder funds: Ivory Offshore Alpha Fund, Ltd., a Cayman Islands exempted company, and Ivory Alpha Fund, L.P., a Delaware limited partnership (the “Core Funds”).

In addition to the Core Funds, the Investment Adviser serves as the investment adviser with discretionary trading authority to the following Funds, which have been funded internally and have been offered, in some instances, on a limited basis to third party investors: (1) Ivory Select Opportunity Fund, L.P., a Delaware limited partnership (“Select Opportunity”); and (2) IWA Alternatives, L.P. a Delaware limited partnership (“IWA” and with Select Opportunity, the “Non-Core Funds”). The portfolio manager for IWA is Patrick Stutz. Mr. Stutz is not involved with any other Funds of the Investment Adviser.

Affiliates of the Investment Adviser serve as the general partner for certain Funds that are identified above as Delaware limited partnerships (the “Onshore Funds”). These affiliates are Ivory Capital Advisors, LLC, Ivory Enhanced Fund GP, LLC, Ivory Flagship Fund GP, LLC, and IWA GP, LLC.

Investment Strategies and Types of Investments.

The Ivory Flagship Strategy seeks to deliver attractive, risk-adjusted absolute returns with low correlation to market indices. The Ivory Flagship Strategy takes long and short positions, primarily in equity securities of publicly traded companies, and may also invest in debt securities and other liquid

instruments. The Ivory Flagship Strategy seeks to generate returns primarily from individual security selection (“alpha”) as opposed to overall market exposure (“beta”), and expects the returns to be derived from both capital appreciation and investment income.

The Ivory Enhanced Strategy employs the same fundamental research approach that underlies the Ivory Flagship Strategy but in a manner intended to extract a higher level of alpha and, as a result, generate a higher level of expected returns. The Ivory Enhanced Strategy employs leverage to the stock picks in the Ivory Flagship portfolio and affords the portfolio manager the opportunity to further size-up high conviction Flagship Positions.

The Ivory Alpha Strategy targets a market-neutral investment strategy. The Ivory Alpha Strategy combines 2X-levered exposure to the positions held by the Ivory Flagship Strategy to obtain its alpha exposure with U.S. and non-U.S. broad-based, region-specific stock market index hedges intended to substantially neutralize, over time, Ivory Alpha Strategy’s beta exposure to these indices.

Select Opportunity, which was internally seeded on January 1, 2011, draws upon the Investment Adviser’s existing process and operational structure. Select Opportunity is expected to be more opportunistic in nature and seek to take more aggressive, highly concentrated positions in certain Ivory Flagship Strategy core positions when both long-term and short-term fundamentals align. IWA is a fund of funds, which was seeded with employee and principal investments.

The Investment Adviser utilizes a broad range of securities, derivatives and investment techniques, which include, among others: equities and convertibles; cash equivalents, including but not limited to short-term corporate or government obligations and money market instruments; market or sector indices; debt securities and instruments of U.S. and non-U.S. government and corporate issuers including, but not limited to, so-called “distressed” or “high-yield” securities; options; futures; warrants; swaps; index derivatives; when-issued securities; private placements of debt and equity securities; partnership or limited liability company interests; trade claims; and structured security products.

Also, please see Item 8.A.

The Investment Adviser and the Funds are authorized to issue shares/interests in the Funds in one or more different classes and in series of any class (or amend, modify or alter the terms of any outstanding class or series pursuant to “side letter” agreements with certain investors), as determined from time to time by the board of directors or general partner of the Fund, as applicable, in consultation with the Investment Adviser, which may differ in terms of, among other things, investment portfolio, redemption rights (including redemption dates, redemption frequency and notice periods), minimum and additional subscription amounts, permitted subscription dates, minimum and maximum aggregate subscription amounts, voting rights, management fees, performance-based compensation, investor eligibility requirements, access to information and in other respects.

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its clients, should not be understood to limit in any way the Investment Adviser’s investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each client’s investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved. As used herein, the term “client” generally refers to each Fund.

C. Availability of Customized Services for Individual Clients.

The Investment Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents.

D. Wrap Fee Programs.

The Investment Adviser does not participate in wrap fee programs.

E. Assets Under Management.

The Investment Adviser manages approximately \$2,429,443,000 as of June 1, 2012 on a discretionary basis. The Investment Adviser does not manage any assets on a non-discretionary basis.

ITEM 5

FEES AND COMPENSATION

A. Advisory Fees and Compensation.

The fees applicable to each Fund are set forth in detail in each Fund's offering documents. A brief summary of such fees is provided below.

Asset-Based Compensation

A Fund will typically pay the Investment Adviser or one of its affiliates an annual management fee (a "Management Fee") calculated and payable at the beginning of each month that is equal to an annualized percentage of (i) the sum of the capital account balances of all limited partners or (ii) the net asset value of each series of shares, as applicable. For the Core Funds this Management Fee is typically 1.50% (annualized). The Non-Core Funds bear a lower management fee of 1.00% (annualized). Additionally, the Flagship Strategy has a class of interests and classes of shares with a 2.00% Management Fee (annualized), Ivory Offshore Enhanced Fund, Ltd. has classes of shares with a 1.00% Management Fee (annualized) and Ivory Offshore Alpha Fund, Ltd. has classes of shares with a 2.00% Management Fee (annualized) and a 1.00% Management Fee (annualized).

The Management Fees are generally non-negotiable, however the Funds are permitted to charge investors in the Funds a Management Fee that is lower than the rates listed above.

The Management Fee for an investor who is admitted to a Fund on a day that is not the first business day of the month will be adjusted pro rata for that month for that number of days in the month the investor is actually invested in the Fund. In the event that (i) the capital account balance of a limited partner of a Fund or (ii) the net asset value of a series of shares of a Fund, as applicable, is reduced in connection with a withdrawal or redemption by an investor from such Fund other than as of the last day of a month, the Investment Adviser will pay such Fund an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days remaining in such month, and such Fund will distribute such amount to the investor.

Performance-Based Compensation

The Investment Adviser or one of its affiliates will generally be entitled to receive an incentive allocation or performance fee (the "Performance-Based Compensation") at the end of each fiscal year of a Core Fund of 20% of the realized and unrealized net profits (if any) allocated to a capital account of each investor or a series of shares, as the case may be, in the applicable Fund for the fiscal year. The Investment Adviser does not receive an incentive allocation from IWA. Select Opportunity is subject to Performance-Based Compensation, at the end of each fiscal year, of 25% of the realized and unrealized net profits (if any) allocated to a capital account for the fiscal year.

Generally, any net loss for a fiscal year allocated to a capital account of an investor or series of shares, as the case may be, is carried forward so that no Performance-Based Compensation is due from such a capital account or series of shares, as the case may be, in future fiscal years unless these losses have been recouped. In the event that an investor withdraws from a capital account or shares are redeemed from a Fund other than on the last business day of a fiscal year, any Performance-Based Compensation attributable to that capital account or shares, respectively, will be determined and paid or allocated, as applicable, as of the withdrawal date.

The Performance-Based Compensation received by the Investment Adviser or its affiliates, to the extent subject to the requirements of Section 205 of Advisers Act, is paid in compliance with Rule 205-3 under the Advisers Act.

The Performance-Based Compensation is generally non-negotiable, however the Funds are permitted to charge investors in the Funds Performance-Based Compensation that is lower than the rates listed above.

The Investment Adviser or one of its respective affiliates will generally waive the portion of the Management Fee and Performance-Based Compensation otherwise payable by the Funds which are attributable to any general partner associated with such Fund and to any investors that are members, officers, principals, directors or employees of such general partner, the Investment Adviser, or their respective affiliates.

Redemption Amount

Investors in certain classes of shares in Ivory Offshore Enhanced Fund, Ltd. will be subject to a redemption amount of 2.50% or 5.00% of the amount redeemed if they redeem during the lock-up period.

B. Payment of Fees.

Fees and compensation paid to the Investment Adviser or its affiliates by the Funds are generally deducted from the assets of such Funds. The Management Fee is generally deducted on a monthly basis and Performance-Based Compensation is generally deducted or allocated, as applicable, on an annual basis.

C. Additional Fees and Expenses.

The Funds pay certain expenses directly or reimburse the Investment Adviser for certain expenses paid on behalf of the Funds. The Funds are responsible for operating expenses which may include, but are not limited to: (i) organizational and offering expenses; (ii) expenses incurred in connection with investments (including brokerage commissions); (iii) expenses incurred in connection with each entity's ongoing operations (including legal, administrative, internal and external accounting, tax, audit and insurance expenses); (iv) reasonable custodial fees; (v) interest; (vi) research and statistical services; (vii) certain extraordinary expenses (such as litigation); and (viii) research expenses and costs including travel related costs. Additionally, certain investors introduced to a Fund and/or serviced by certain third parties are subject to an additional investor service fee of 0.50%.

D. Prepayment of Fees.

Please see Item 5.A above.

E. Additional Compensation and Conflicts of Interest.

Neither the Investment Adviser nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Investment Adviser and its affiliates accept performance-based fees from every client other than one of the Non-Core Funds. That Non-Core Fund, IWA, is a fund of funds and therefore has a different investment strategy than the other Funds. As a result, the Investment Adviser and its affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

ITEM 7

TYPES OF CLIENTS

The Investment Adviser generally provides investment advice to Funds, as described above. The Investment Adviser may in the future provide investment advice to separately managed accounts for institutional and other investors.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies.

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

The Core Funds managed by the Investment Adviser generally pursue long/short strategies focusing primarily on a bottom-up, fundamental value approach utilizing proprietary analysis and models of the Investment Adviser. The Investment Adviser may generally utilize hedging strategies for the Funds, as more fully described in the confidential offering memorandum of each Fund.

The Investment Adviser seeks to achieve its investment objective primarily by purchasing securities trading at prices below the fundamental value as determined by the Investment Adviser and, conversely, selling short securities trading at prices above such fundamental value. The Investment Adviser seeks an investment thesis that generally is data-driven and quantifiable, where a pricing dislocation is expected to correct, or converge toward the security's fundamental value, within a reasonable time frame, based on the particular investment strategy.

With respect to the Non-Core Funds, Select Opportunity seeks to deliver high absolute returns utilizing a short-to-medium-term investment horizon, focused on opportunistic investments with anticipated high upside optionality combined with limited downside risk. Select Opportunity's portfolio consists of a small group of highly concentrated positions and its strategy is based in part on the Flagship Strategy. IWA is a fund of funds that seeks to achieve attractive risk-adjusted returns with low volatility and low correlation to traditional bond and equity investments while emphasizing capital preservation. IWA seeks to accomplish this objective by allocating its assets primarily among a select group of portfolio managers (the "Portfolio Funds") that generally employ a broad range of strategies including, but not limited to, credit, currency, volatility related, managed futures (CTAs), global macro, commodities, long/short equity, relative value (arbitrage strategies) and event driven. The universe of investible assets is global and includes all underlying asset classes.

B. Material, Significant or Unusual Risks Relating to Investment Strategies.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Investment Adviser. The below risk factors may not be applicable to all of the Funds, although some of the risks are applicable to IWA through its investment in Portfolio Funds. Investments in a Fund are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in such Fund.

Prospective investors should carefully consider the risks of investing, which include, without limitation, those set forth below which are more fully described in the applicable Fund's offering document.

Non-U.S. Investments. The Funds may invest a portion of their capital outside the United States in non-dollar denominated securities and instruments, including in securities and instruments issued by non-U.S. companies and the governments of non-U.S. countries and in non-U.S. currency. These investments involve special risks not usually associated with investing in securities of U.S. companies or the U.S. federal, state or local government. Because investments in securities and instruments issued by non-U.S. issuers may involve non-U.S. dollar currencies and because the Funds may temporarily hold funds in bank deposits in such currencies during the completion of their investment program, the Funds may be affected favorably or unfavorably by changes in currency rates (including as a result of the devaluation of a non-U.S. currency) and in exchange control regulations and may incur transaction costs in connection with conversions between various currencies. In addition, because non-U.S. entities are not subject to uniform accounting, auditing, and financial reporting standards, practices and requirements comparable with those applicable to U.S. companies, there may be different types of, and lower quality, information available about a non-U.S. company than a U.S. company. There is also less regulation, generally, of the securities markets in non-U.S. countries than there is in the United States. Some non-U.S. securities markets have a higher potential for price volatility and relative illiquidity compared to the U.S. securities and capital markets. With respect to certain countries there may be the possibility of expropriation or confiscatory taxation, political, economic or social instability, limitation on the removal of funds or other assets or the repatriation of profits, restrictions on investment opportunities, the imposition of trading controls, withholding or other taxes on interest, dividends, capital gain, other income or gross sale proceeds, import duties or other protectionist measures, various laws enacted for the protection of creditors, greater risks of nationalization or diplomatic developments which could adversely affect the Funds' investments in those countries.

Small and Medium Capitalization Companies. A portion of the Funds' assets may be invested in the stocks of companies with small- to medium-sized market capitalizations. Those stocks, particularly smaller-capitalization stocks, may involve higher risks than do investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be illiquid.

Diversification Risk. The Funds may, in the discretion of the Investment Adviser, invest in a limited number of investments. A consequence of the limited number of investments is that the aggregate returns realized by the Funds may be substantially adversely affected by the unfavorable performance of a small number of such investments. Although typically the Funds have developed diversification guidelines (which are subject to change in certain instances and which may be exceeded from time to time in the discretion of the Investment Adviser), the Funds generally do not have fixed guidelines for, or hard limits on, diversification of its investments, and investments could potentially be concentrated in relatively few companies and markets.

Highly Volatile Markets. The prices of the Funds' investments, including, without limitation, common equity and related equity derivative instruments, high yield securities, convertible bonds, and other derivatives, including futures and option prices, can be highly volatile. Price movements of forward, futures and other derivative contracts in which the Funds' assets may be invested are 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. In addition, governments from time to time intervene, directly

and by regulation, in certain markets, particularly those in government bonds, currencies, financial instruments, futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Funds are also subject to the risk of the failure of any exchanges on which its positions trade or of its clearinghouses.

Leverage. Certain Funds may utilize leverage in their investment strategy. Leverage may take the form of loans for borrowed money (e.g., margin loans), and derivative securities and instruments that are inherently leveraged, including options, futures, forward contracts, swaps and repurchase agreements. The use of leverage by a Fund can substantially increase the market exposure (and market risk) to which such Fund's investment portfolio may be subject. Trading on leverage results in interest charges or costs, which may be explicit (in the case of loans) or implicit (in the case of many derivative instruments) and, depending on the amount of leverage, such charges or costs could be substantial. The level of interest rates generally, and the rates at which a Fund can leverage in particular, can affect the operating results of such Fund.

A Fund's anticipated use of short-term margin borrowings results in certain additional risks to the Fund. For example, should the securities pledged to brokers to secure a Fund's margin accounts decline in value, the Fund could be subject to a "margin call", pursuant to which the Fund would be required either to deposit additional funds with the broker or to suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of a Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

In the U.S. futures markets, margin deposits typically range between 1% and 15% of the value of the futures contracts purchased or sold. In the forward, currency and certain other derivative markets, margin deposits may be even lower or may not be required at all. Such low margin deposits are indicative of the fact that any trading in these markets typically is accompanied by a high degree of leverage. Low margin deposits mean that a relatively small adverse price movement in a futures or forward contract may result in immediate and substantial losses to the investor. For example, if at the time of purchase, 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission. In addition, like other leverage investments, any purchase or sale of a futures, forward or other commodity contract may result in losses in excess of the margin deposit.

When a Fund purchases an option in the United States, there is no margin requirement because the option premium is paid for in full. The premiums for certain options traded on non-U.S. exchanges may be paid for on margin. When a Fund sells an option on a futures contract, it may be required to deposit margin in an amount that may be determined by the margin requirement established for the futures contract underlying the option and, in addition, an amount substantially equal to the current premium for the option. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the futures markets directly. Whether any margin deposit will be required for over-the-counter ("OTC") options and other OTC instruments, such as currency forwards, swaps and certain other derivative instruments, will depend on the credit determinations and specific agreements of the parties to the transaction, which are individually negotiated.

Short Sales. Certain Funds engage in short selling. Short selling involves selling securities that may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows

the investor to profit from declines in the value of securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Securities may be sold short by a Fund in a long/short strategy to hedge a long position, or to enable a Fund to express a view as to the relative value between the long and short positions. There is no assurance that the objectives of these strategies will be achieved, or specifically that the long position will not decrease in value and the short position will not increase in value, causing a Fund losses on both components of the transaction. In addition, when a Fund effects a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the borrowed securities that have been sold.

Currencies. The Funds may from time to time invest a portion of their assets in non-U.S. equity securities and instruments or in securities or instruments denominated in non-U.S. currencies, the prices of which will be determined with reference to currencies other than the U.S. dollar. The Funds will, however, value their securities and other assets in U.S. dollars. A Fund may or may not seek to hedge all or any portion of its non-U.S. currency exposure. To the extent such positions are unhedged, the value of the Fund's assets may fluctuate with U.S. dollar exchange rates as well as the price changes of the Fund's investments in the various local markets and currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. An increase in the value of the U.S. dollar compared to the other currencies in which a Fund makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of the Fund's securities in their local markets. A Fund could realize a net loss on an investment, even if there were a gain on the underlying investment before currency losses were taken into account. The Funds may seek to hedge currency risks by investing in currencies, currency futures contracts and options on currency futures contracts, forward currency exchange contracts, swaps, swaptions or any combination thereof (whether or not exchange traded), but there can be no assurance that these strategies will be effective, and such techniques entail costs and additional risks.

Hedging Transactions. The Funds may or may not employ hedging techniques. These techniques could involve a variety of derivative transactions, including swaps, futures contracts, exchange-listed and over-the-counter put and call options on securities, instruments or on financial indices, forward non-U.S. currency contracts, and various interest rate and foreign exchange transactions (collectively, "Hedging Instruments"). Hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of Hedging Instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of a Fund's positions. In addition, certain Hedging Instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, the Funds may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of Hedging Instruments should tend to minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in the value of such position. The ability of the Funds to hedge successfully will depend on the Investment Adviser's ability to predict pertinent market movements, which cannot be assured. In addition, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Finally, the daily variation margin requirements in futures contracts that

may be sold by a Fund would create an ongoing greater potential financial risk than would options transactions, where the exposure is limited to the cost of the initial premium and transaction costs paid by the Fund. The Investment Adviser is not required to attempt to hedge portfolio positions of the Funds and for various reasons, may determine not to do so.

Insolvency Considerations with Respect to Issuers of Indebtedness. Various laws enacted for the protection of creditors may apply to indebtedness, including convertible debt, in which the Funds invest. The information in this and the following paragraph is applicable with respect to U.S. issuers subject to United States federal bankruptcy law. Insolvency considerations may differ with respect to other issuers. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of indebtedness, such as a trustee in bankruptcy, were to find that the issuer did not receive fair consideration or reasonably equivalent value for incurring the indebtedness, and after giving effect to such indebtedness, the issuer (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of such issuer, or to recover amounts previously paid by such issuer in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. Generally, an issuer would be considered insolvent at a particular time if the sum of its debts were then greater than all of its property at a fair valuation, or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether the issuer was “insolvent” after giving effect to the incurrence of the indebtedness in which the Funds invested or that, regardless of the method of valuation, a court would not determine that the issuer was “insolvent” upon giving effect to such incurrence. In addition, in the event of the insolvency of an issuer of indebtedness in which a Fund invests, payments made on such indebtedness could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year) before insolvency. In general, if payments on indebtedness are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured from the Funds.

The Funds do not intend to engage in conduct that would form the basis for a successful cause of action based upon fraudulent conveyance, preference or equitable subordination. There can be no assurance, however, as to whether any lending institution or other party from which a Fund may acquire such indebtedness engaged in any such conduct (or any other conduct that would subject such indebtedness and a Fund to insolvency laws) and, if it did, as to whether such creditor claims could be asserted in a U.S. court (or in the courts of any other country) against the Fund.

Indebtedness consisting of obligations of non-U.S. issuers may be subject to various laws enacted in the countries of their issuance for the protection of creditors. These insolvency considerations will differ depending on the country in which each issuer is located or domiciled and may differ depending on whether the issuer is a non-sovereign or a sovereign entity.

Fund Turnover. The turnover rate of the Funds’ investment portfolios may be significant, potentially involving substantial brokerage commissions and fees and other transaction costs.

Risk Control Framework. The Investment Adviser has implemented a risk control system to help the Funds manage their risk exposure. No risk control system is fail-safe, and no assurance can be given that the Investment Adviser’s risk control frameworks will achieve their objectives. The target risk limits developed by the Investment Adviser generally will be based upon historical trading patterns for the instruments in which the Funds trade and will rely upon pricing models

for the behavior of the instruments in response to various changes in market conditions. No assurance can be given that the historical trading patterns will accurately predict future trading patterns or that the pricing models will necessarily accurately predict the manner in which the instruments are priced in financial markets in the future.

Availability of Investment Strategies. The success of the Funds' investment and trading activities depends on the ability of the Investment Adviser to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the U.S. equity markets. Identification and exploitation of the investment strategies to be pursued by the Funds involves a high degree of uncertainty. No assurance can be given that the Investment Adviser will be able to identify suitable investment opportunities in which to deploy all of the Funds' capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investment strategies for the Funds.

Limited Liquidity of Investments. The market value of the Funds' investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in any particular industry and the financial condition of the issuers of the securities in which the Funds invest. During periods of limited liquidity and higher price volatility, the Funds' ability to acquire or dispose of its investments at a price and time that the Investment Adviser deems advantageous may be impaired. As a result, in periods of rising market prices, the Funds may be unable to participate in price increases fully to the extent that it is unable to acquire desired positions quickly; the Funds' inability to dispose fully and promptly of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices.

In addition, a portion of the Funds' assets may from time to time be invested in securities and other financial instruments or obligations for which no market exists and/or which are restricted as to their transferability under federal or state securities laws, including private securities. Because of the absence of any trading market for these investments, the Funds may take longer to liquidate these positions than would be the case for publicly-traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by the Funds. Further, companies whose securities are not publicly-traded may not be subject to public disclosure and other investor protection requirements applicable to publicly-traded securities, which could expose the Funds to greater risk than it anticipated.

Purchasing IPOs. The Funds may purchase securities of companies in initial public offerings ("IPOs") or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. In addition, some companies in IPOs are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospect of achieving them.

Trading in Indices and Financial Instruments. The Funds may trade indices and financial instruments. The effect of governmental intervention may be particularly significant at certain times in indices and financial instruments, and such intervention (as well as other factors) may cause all these markets to move rapidly in the same direction because of, among other things, interest-rate fluctuations.

Investments in Small Companies. The Funds may invest their assets in small and/or unseasoned companies. While smaller companies may have potential for rapid growth, they often involve

higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger, more established companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales of stock of a small company, the Funds 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 which could have an adverse impact on the amounts realized from those portfolio holdings.

Loans of Portfolio Securities. The Funds 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. Such loans will be terminable at any time. The Funds may pay finders', administrative and custodial fees to persons unaffiliated with the Funds in connection with the arranging of such loans.

Use of When-Issued and Forward Commitment Securities. The Funds may purchase securities on a "when-issued" basis. These transactions involve a commitment by a Fund to purchase or sell securities at a future date (typically one or two months later). No income accrues on securities that have been purchased on a when-issued basis prior to delivery to the Fund. When-issued securities may be sold prior to the settlement date. If a Fund disposes of the right to acquire a when-issued security prior to its acquisition, it may incur a gain or loss. In addition, there is a risk that securities purchased on a when-issued basis may not be delivered to the Fund. In such cases, the Fund may incur a loss.

C. Risks Associated With Particular Types of Securities

Equity Securities. The Funds' investment portfolios include equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete and industry market conditions and general economic environments. For example, beginning in September 2008, world financial markets experienced extraordinary market conditions resulting in extreme volatility in the global equity markets.

Use of Warrants and Rights. The Funds may hold warrants and rights from time to time. Warrants permit, but do not obligate, the holder to subscribe for other securities or commodities. Rights are similar to warrants, but normally have a shorter duration and are offered or distributed to shareholders of a company. Warrants and rights may be considered more speculative than certain other types of equity-like securities because they do not carry with them rights to dividends or voting rights and they do not represent any rights in the assets of the issuer. These instruments cease to have value if they are not exercised prior to their expiration dates. The market for warrants and rights can become very illiquid. Changes in liquidity may significantly impact the price for warrants and rights, which could, in turn, decrease the value of a Fund's portfolios.

Investments in Fixed-Income Securities. The Funds may invest a portion of their capital in bonds or other fixed-income securities, including, without limitation: bonds; convertible bonds; notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. Government or one of its agencies or instrumentalities; commercial paper; and "higher yielding" (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are

subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Call Options. The Funds may engage in the use of call options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security 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 security above the exercise price of the option. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities to satisfy the exercise of the call option can itself cause the price of the securities to rise further, sometimes by a significant amount, thereby exacerbating the loss. 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 security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

The buyer of a call option assumes the risk of losing his entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

Put Options. The Funds may engage in the use of put options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security 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 security below the exercise price of the option.

The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

Call & Put Options on Securities Indices. The Funds may purchase and sell call and put options on stock indices listed on national securities exchanges or traded in the over-the-counter market for hedging purposes and non-hedging purposes to pursue its investment objective. The successful use of options on stock indices requires different skills and techniques than predicting changes in the price of individual stocks.

Swap Agreements. The Investment Adviser may enter into swap agreements on behalf of the Funds. Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Funds' exposure to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Funds are not limited to any particular form of swap agreement if it is determined that other forms are consistent with the Funds' investment objective and policies.

Swap agreements will tend to shift a Fund's investment exposure from one type of investment to another. For example, if a Fund agrees to exchange payments in dollars for payments in

non-U.S. currency, the swap agreement would tend to decrease such Fund's exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Fund's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from a Fund. If a swap agreement calls for payments by a Fund, such Fund must be prepared to make such payments when due. In addition, if the counterparty's creditworthiness declined, the value of a swap agreement would be likely to decline, potentially resulting in losses by the Funds.

Derivative Securities and Instruments Generally. Derivative securities and instruments, or "derivatives", include securities, instruments and contracts which are derived from and are valued in relation to one or more underlying securities, financial benchmarks or indices. Derivatives typically allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark or index at a fraction of the cost of acquiring, borrowing or selling short the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of additional risks associated with derivatives trading. Transactions in certain derivatives are subject to clearance on a U.S. national exchange and to regulatory oversight, while other derivatives are subject to risks of trading in the over-the-counter markets or on non-U.S. exchanges. Price movements of futures and options contracts and payments pursuant to swap agreements are 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. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, the Funds' assets are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties. Additional risks associated with derivatives trading include:

Tracking. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative and the underlying investment sought to be hedged may prevent a Fund from achieving the intended hedging effect or expose the Fund to risk of loss. If the Investment Adviser invests in derivatives at inopportune times or incorrectly judges market conditions, the investments may lower the return of the Funds or result in a loss. The Funds also could experience losses if derivatives are poorly correlated with its other investments.

Liquidity. Derivatives, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Investment Adviser may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the Investment Adviser may conduct its transactions in derivatives may prevent profitable liquidation of positions, subjecting the Funds to the potential of greater losses. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.

Operational Leverage. Trading in derivatives can result in large amounts of operational leverage. Thus, the leverage offered by trading in derivatives will magnify the gains and losses experienced by the Funds and could cause the Funds' net asset value to be subject to wider fluctuations than would be the case if the Funds did not use the leverage feature of derivatives.

Over-the-Counter Trading. Derivatives that may be purchased or sold by the Funds may include securities and instruments not traded on an exchange. The risk of nonperformance by the obligor on a security or instrument may be greater than, and the ease with which the Funds can dispose of or enter into closing transactions with respect to a security or instrument may be less than, the risk associated with an exchange traded security. In addition, significant disparities may exist between “bid” and “asked” prices for derivatives that are not traded on an exchange. Derivatives not traded on exchanges also are not subject to the same type of government regulation as exchange traded securities, and many of the protections afforded to participants in a regulated environment may not be available in connection with the transactions.

The Funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Investment Adviser and legally permissible. Special risks may apply to instruments that are invested in by the Investment Adviser in the future that cannot be determined at this time or until such instruments are developed or invested in by the Funds.

Asset-Backed Securities. Through the use of trusts and special purpose corporations, various types of assets, including automobile, credit card, student loan and small business loan receivables, are securitized in pass-through structures. The Funds may invest either directly or indirectly, in these and other types of asset-backed securities (“ABS”) that may be developed in the future.

ABS securities are often backed by unsecured receivables. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of loans by the debtor.

The value of an ABS is affected by changes in the market’s perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement. Structural and legal risks of ABS include the possibility that, in a bankruptcy or similar proceeding involving the originator or the servicer (often the same entity or affiliates), a court having jurisdiction over the proceeding could determine that, because of the degree to which cash flows on the assets of the issuing vehicle may have been commingled with cash flows on the originator’s other assets (or similar reasons), (i) the assets of the issuing vehicle could be treated as never having been truly sold by the originator to the issuing vehicle and could be substantively consolidated with those of the originator, or (ii) the transfer of such assets to the issuer could be voided as a fraudulent transfer. The time and expense related to a challenge of such determinations also could result in losses and/or delayed cash flows.

Liquidity of Futures Contracts. A Fund may utilize futures as part of its investment program. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation

limits” or “daily limits”. Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures prices have occasionally moved beyond the daily limits for several consecutive days with little or no trading. Over-the-counter instruments generally are not as liquid as instruments traded on recognized exchanges. This constraint could prevent a Fund from promptly liquidating unfavorable positions and subject it to substantial losses. In addition, the Commodity Futures Trading Commission and various exchanges impose speculative position limits on the number of positions that a Fund may indirectly hold or control in particular commodities.

Forward Contracts. The Investment Adviser may enter into forward contracts on behalf of the Funds which are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks and other dealers with whom the Funds may maintain accounts may require the Funds to deposit margin with respect to such trading, although margin requirements are often minimal or nonexistent. The Funds’ counterparties are not required to continue to make markets in such contracts. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which the Investment Adviser would otherwise recommend, to the possible detriment of the Funds.

Money Market Instruments. The Funds may invest, for defensive purposes or otherwise, some or all of its assets in high quality, fixed income securities, money market instruments and money market mutual funds, or hold cash or cash equivalents in such amounts as the Investment Adviser deems appropriate under the circumstances.

Investments in Securities of Financially Distressed Companies. The Funds may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments typically remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings and, as a result, may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is very high. There is no assurance that the Investment Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the prospect for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Fund invests, the Fund may lose its entire investment or may be required to accept cash or securities with a value less than the Fund’s original investment.

Necessity for Counterparty Trading Relationships; Counterparty Risk. The Funds expect to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Funds to trade in any variety of markets or asset classes over time; however, there can be no assurance that the Funds will be able to maintain such relationships or establish such relationships. An inability to establish or maintain such relationships would limit the Funds’ trading activities, could create losses, preclude the Funds from engaging in certain transactions, financing, derivative intermediation and prime brokerage services, and prevent the Funds from trading at optimal rates and terms. Moreover, a

disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before a Fund establishes additional relationships could have a significant impact on the Fund's business due to the Fund's reliance on such counterparties.

Certain of the markets in which the Funds may effect transactions are not "exchanged-based", including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer losses. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties. Generally, the Funds will not be restricted from dealing with any particular counterparties. The Investment Adviser's evaluation of the creditworthiness of their counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the Funds' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

Counterparty Default. The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Funds will monitor on an ongoing basis the creditworthiness of firms with which they will enter into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the Funds will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of a Fund being less than if the Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of a Fund's counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of the Fund's securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Funds may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in non-U.S. jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Funds and their respective assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Funds, which could be material.

D. Risk Factors Relating to IWA's Fund-of-Funds Strategy

Withdrawals from Portfolio Funds; Re-Allocation of Investments. IWA may have limited rights pursuant to which it may withdraw, transfer or otherwise liquidate its investments in the Portfolio Funds. Investments in Portfolio Funds are not themselves marketable and, therefore, IWA is not able to readily dispose of its interests in Portfolio Funds. Under the terms of the governing documents of the Portfolio Funds, the ability of IWA to withdraw any amount invested therein may be subject to certain restrictions and conditions, including restrictions on the withdrawal of interests for an initial period,

restrictions on the amount of withdrawals and the frequency with which withdrawals can be made, and investment minimums which must be maintained. Additionally, the Portfolio Funds typically reserve the right to reduce ("gate") or suspend withdrawals and to satisfy withdrawals by making distributions in-kind, under certain circumstances. The ability of limited partners in IWA to withdraw all or any portion of their capital account(s) may be adversely affected to varying degrees by such restrictions depending on, among other things, the length of any restricted periods imposed by the Portfolio Funds, the amount and timing of a requested withdrawal by a limited partner in relation to the time remaining of any restricted periods imposed by related Portfolio Funds, the aggregate amount of withdrawal requests, the next regularly scheduled withdrawal dates of such Portfolio Funds, the imposition of "gates" or suspensions, the decision by a Portfolio Fund to satisfy withdrawals in-kind and the satisfaction of other conditions. Additionally, in some cases, managers of the Portfolio Funds ("Portfolio Managers") may also suspend the determination of the net asset value of all or a portion of their portfolios. The absence of such valuations will make it more difficult for the Investment Adviser to accurately value IWA's portfolio.

Layered Compensation Structure. In addition to the Management Fee charged by the Investment Adviser, Portfolio Managers will charge IWA management fees and receive incentive fees or allocations. As a result, a limited partner in IWA will indirectly bear multiple management fees and other expenses imposed by Portfolio Managers, as well as directly bear the expenses of IWA. Each Portfolio Manager generally charges IWA an asset-based fee and receives a performance-based fee or allocation. The asset-based fees of the Portfolio Managers are generally expected to range from 1% to 2%, and the performance-based fees or allocations of the Portfolio Managers are generally expected to range from 15% to 25% of net capital appreciation. However, such fees and allocations may be greater or less than the ranges listed above. These direct and indirect fees, allocations and expenses, in the aggregate, will exceed the fees and allocations that would typically be incurred by a direct investment with a single Portfolio Manager or private investment vehicle.

Independent Portfolio Managers. The Portfolio Managers generally invest wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Portfolio Managers do, in fact, hold offsetting positions, IWA, considered as a whole, may not achieve any gain or loss despite incurring investment expenses, including, without limitation, performance-based compensation. In addition, there may often be times when a particular Portfolio Manager may receive performance-based compensation in respect of IWA's investments for a period even though IWA's overall portfolio depreciated during such period. Some Portfolio Managers also may compete with each other from time to time for the same positions in certain markets. Such competition may adversely affect the performance of the Portfolio Funds managed by such Portfolio Managers. In addition, although the Investment Adviser receives detailed information from each Portfolio Manager regarding its investment performance and investment strategy, the Investment Adviser may have little or no means of independently verifying this information. A Portfolio Manager may use proprietary investment strategies that are not fully disclosed to the Investment Adviser, which may involve risks that are not anticipated by the Investment Adviser.

Limited Diversification. IWA seeks to diversify its assets through investments with various Portfolio Managers. Such diversification may not be achieved as a result of insufficient investment opportunities or insufficient investable assets as a result of insufficient contributions or withdrawals by limited partners. In addition, because IWA seeks to diversify among Portfolio Managers to reduce the potential for losses, such diversification may actually adversely affect the overall performance of IWA, because IWA's returns as a whole may be adversely affected by the unfavorable performance of even a single Portfolio Manager. IWA is not restricted as to the percentage of its assets that may be invested in any particular issuer, industry, instrument, market or geographic region.

"Style Drift". The Investment Adviser relies primarily on information provided by Portfolio Managers in assessing a Portfolio Manager's defined investment strategy, the underlying risks of such a strategy and, ultimately, determining whether, and to what extent, it will allocate IWA's assets to particular Portfolio Managers. "Style drift" is the risk that a Portfolio Manager may deviate from his or her stated or expected investment strategy. Style drift poses a particular risk for multiple-manager structures since, as a consequence, IWA may be exposed to particular markets or strategies to a greater extent than was anticipated by the Investment Adviser when it assessed the portfolio's risk-return characteristics and allocated assets to a Portfolio Manager (and which may, in turn, result in overlapping investment strategies among various Portfolio Managers).

Misconduct or Bad Judgment of Portfolio Managers. It will be difficult, if not impossible, for the Investment Adviser to protect IWA from the risk of Portfolio Manager fraud, misrepresentation, material strategy alteration or poor judgment. Although Portfolio Managers are required to adhere to the offering documents for the respective funds, the Investment Adviser cannot control the investments made by a Portfolio Manager.

Limited Information Regarding Portfolio Managers; Estimates and Valuations from Portfolio Managers. Although the Investment Adviser receives information from prospective Portfolio Managers regarding such Portfolio Manager's historical performance (if any), exposures, and investment strategy, in most cases the Investment Adviser will have little or no means of independently verifying the information supplied to it by such Portfolio Managers and will rely in large part on the limited information provided to it by such Portfolio Managers. The absence of detailed information could result in significant losses to IWA.

In performing its risk management, manager evaluation and manager review analysis, the Investment Adviser may be limited by the availability of data provided by the Portfolio Managers. With respect to current information, the Investment Adviser has no ability in most cases to assess the accuracy of the valuations received from a Portfolio Manager. Furthermore, interests in a Portfolio Fund generally are valued in accordance with the methods provided by the instruments governing such Portfolio Fund. These valuations may be provided by a Portfolio Manager to the Portfolio Fund based on the interim unaudited financial records of such Portfolio Fund, and, therefore, are subject to adjustment (upward or downward) upon the auditing of such financial records.

Certain securities in which the Portfolio Managers invest may not have a readily ascertainable market price. The net asset values received by the Investment Adviser from such Portfolio Managers typically will be estimates only, subject to revision through the end of each underlying Portfolio Fund's annual audit. In most cases, the Investment Adviser will have no ability to assess the accuracy of the valuations received from a Portfolio Manager.

Delays in Investment in Portfolio Funds. IWA may make additional investments in a Portfolio Fund only at certain times pursuant to limitations set forth in the governing documents of such Portfolio Fund. In any such event, pending the investment in additional Portfolio Funds, or the agreement of the existing Portfolio Funds to accept additional capital contributions from IWA, initial or additional capital contributions made by IWA's limited partners may be temporarily invested in short-term investments or cash (including demand deposit balances). Under such circumstances, continued purchases by new limited partners will dilute the participation of existing limited partners in the Portfolio Funds in which IWA is invested.

Newly Formed Portfolio Funds and Portfolio Managers. From time to time, IWA may invest in recently formed Portfolio Funds and "emerging" Portfolio Managers. To the extent such a Portfolio Fund or Portfolio Manager is in an early stage of formation or operation, there may be a number

of operational and other issues that make these types of investments highly speculative. For example, in its early stages, a Portfolio Manager may have little capital available to cover expenses and, accordingly, may have difficulty attracting qualified personnel. Emerging Portfolio Managers may face competition from other investment funds, which may be more established, have a larger number of qualified personnel and benefit from a larger capital base. There is no guarantee that such investment management firms will be able to overcome these obstacles and generate any profits.

ITEM 9

DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of the Investment Adviser's advisory business or the integrity of the Investment Adviser's management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status.

The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status.

The Investment Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants.

The Investment Adviser acts as an investment manager for various Funds as previously noted. Furthermore, affiliates of the Investment Adviser serve as the general partner for the Onshore Funds. These affiliates are Ivory Capital Advisors, LLC, Ivory Enhanced Fund GP, LLC, Ivory Flagship Fund GP, LLC and IWA GP, LLC.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

The Investment Adviser does not recommend or select other investment advisers for its clients.

ITEM 11

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics.

The Investment Adviser has adopted a Code of Ethics (the “Code”) that is designed to monitor and prevent potential conflicts of interest. The Code prohibits employees and principals from engaging in personal securities transactions for most securities. The Investment Adviser’s employees’ and principals’ personal investment transactions are pre-cleared when necessary and monitored by Ivory’s compliance personnel. Ivory also maintains insider trading policies and procedures (the “Insider Trading Policies”) that are designed to prevent the misuse of material, non-public information by the Investment Adviser, its principals and employees and their affiliates. Ivory’s employees and principals are required to certify their compliance with the Code of Ethics and the Insider Trading Policies on a periodic basis. A copy of the Code will be furnished upon request. Investors may request a copy of the Code by contacting Ivory at the address or telephone number listed on the first page of this Form ADV, Part 2.

B. Securities that the Investment Adviser or a Related Person Has a Material Financial Interest.

Cross Trades

The Investment Adviser may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a “Cross Trade”) for a variety of reasons, including, without limitation, to rebalance the portfolios of the clients, to reduce transaction costs that may arise in an open market transaction, tax purposes, or liquidity purposes. If the Investment Adviser determines that a Cross Trade is in the best interests of each client involved in such trade, the Investment Adviser will take steps to ensure that, where applicable, the transaction is consistent with the duty to obtain best execution for each of those clients.

The Investment Adviser generally executes Cross Trades with the assistance of the prime broker that holds the applicable security. The appropriate prime broker makes a journal entry and books the transaction at the closing price from the business day prior to the effective date of the transaction. For securities that are not eligible to complete the cross in the above fashion, and for futures and options, the Investment Adviser generally executes the transactions in the open market, based on the then-current independent market price. If the Investment Adviser effects a Cross Trade by journal entry, the prime broker will not receive any fee in connection with the completion of the transaction.

Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors and approved or disapproved by (i) an advisory board comprised of representatives of investors in the clients or (ii) a committee consisting of one or more persons selected by the Investment Adviser (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

C. Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients.

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. Generally, and subject to certain exceptions, the Investment Adviser's employees may not engage in personal securities trading and may only dispose of securities held in their respective personal trading accounts. Any such disposition of securities must be pre-cleared. However, related persons may purchase and sell mutual funds, certain broad-based exchange-traded funds ("ETFs") and master limited partnerships. Some clients may invest in the same or similar mutual funds and ETFs.

The Investment Adviser, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Potential conflicts also may arise due to the fact that the Investment Adviser and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

The Investment Adviser and certain of its affiliates have capital accounts in, and receive the Performance Based-Compensation described in Item 5 above from, each of the U.S.-based Funds. Further, certain principals and employees of the Investment Adviser have substantial personal investments in one or more Funds. The amount of each principal's or employee's personal investment in a Fund may change over time. A principal or employee may decide to invest only in certain Funds and not in others, and investors generally will not be provided with notice of principals' or employees' investments in, or withdrawals from, a Fund.

D. Conflicts of Interest Created by Contemporaneous Trading.

Please see discussion under Item 11C above and under Item 12B below.

Additional Considerations

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Investment Adviser, its affiliates and its personnel (each an "Advisory Affiliate" and, collectively, the "Advisory Affiliates"). The Investment Adviser has established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances.

In addition, the Investment Adviser may give advice or take action with respect to the investments of one or more Funds that may not be given or taken with respect to other Funds with similar investment programs, objectives, and strategies. Accordingly, although the Funds have similar strategies, they may not hold the same securities or instruments or achieve the same performance. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Funds.

The Advisory Affiliates may also have ongoing relationships with companies whose securities are in or are being considered for the Funds. The Investment Adviser recognizes that conflicts may arise under such circumstances and will endeavor to treat all Funds fairly and equitably.

ITEM 12

BROKERAGE PRACTICE

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

As noted previously, the Investment Adviser has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The Investment Adviser's authority is limited by its own internal policies and procedures and each Fund's investment guidelines and other terms contained within its governing documents.

Neither the Investment Adviser nor a related person suggests brokers to clients. In selecting an appropriate broker-dealer to effect a client trade, the Investment Adviser seeks to obtain best execution, taking into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of its services including, among other things, its facilities, reliability and financial responsibility; execution capability; commission rates; responsiveness to the Investment Adviser; the provisions of brokerage and research services (e.g., research ideas, analysis and investment strategies) that are of benefit to the Funds, the general partners, the Investment Adviser and related Funds and accounts; special execution and block positioning capabilities; clearance; and settlement and custodial services. The Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available price or commissions and other costs. The Funds' securities transactions generate a substantial amount of brokerage commissions and other compensation, including clearing fees and charges, all of which the Funds are obligated to pay.

The Investment Adviser maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

1. **Research and Other Soft Dollar Benefits.**

From time to time, the Investment Adviser may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the utilized broker-dealer. The Investment Adviser will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Investment Adviser believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by one or more Funds may be used by the Investment Adviser to service one or more other clients, including clients that may not have paid for the soft dollar benefits. The Investment Adviser does not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the client accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Investment Adviser (i.e., a "mixed use" item), the Investment Adviser will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Investment Adviser's allocation of the costs of such benefits and

services between those that primarily benefit the Investment Adviser and those that primarily benefit the Funds.

When the Investment Adviser uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Investment Adviser receives a benefit because it does not have to produce or pay for such products or services. The Investment Adviser may have an incentive to select or recommend a broker-dealer based on the Investment Adviser's interest in receiving research or other products or services, rather than on its clients' interest in receiving most favorable execution.

Within the last fiscal year of the Investment Adviser, the Investment Adviser or its related persons acquired the following types of products and services with client brokerage commissions (or markups or markdowns):

- Research reports and forecasts on particular industries and companies;
- Economic data, surveys, research and analyses;
- Research consultant services;
- Market, industry and financial data and analysis; and
- Company and industry news, public filing and event aggregators

At least annually, the Investment Adviser considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Funds on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Investment Adviser make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

2. Brokerage for Client Referrals.

From time to time, brokers (including prime brokers such as Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc. and J.P. Morgan Clearing Corp.) may assist the Funds in raising additional funds from investors, and representatives of the Investment Adviser may speak at conferences and programs sponsored by such brokers for investors interested in investing in hedge funds. Through such "capital introduction" events, prospective investors in the Funds would have the opportunity to meet with representatives of the Investment Adviser. Currently, neither the Investment Adviser nor the Funds compensate any broker for organizing such events or for any investments ultimately made by prospective investors attending such events, nor do they anticipate doing so in the future. The Funds may accept subscriptions from investors who also provide services to the Funds, including brokers and their affiliates. Relationships such as these could be viewed as creating a conflict of interest that potentially could affect the Investment Adviser's ability to seek best execution. While the Investment Adviser's relationship with brokers may influence the Investment Adviser in deciding whether to use such broker in connection with brokerage, financing and other activities of the Funds, the Investment Adviser will not commit to allocate a particular amount of brokerage to a broker in any such situation. Furthermore, the Investment Adviser conducts periodic best execution reviews in an effort to identify and mitigate compliance risks associated with brokerage relationships, and to determine that the Investment Adviser is obtaining best execution for clients' accounts.

3. Directed Brokerage.

The Investment Adviser does not recommend, request or require that a client direct the Investment Adviser to execute transactions through a specified broker-dealer.

B. Order Aggregation.

If the Investment Adviser determines that the purchase or sale of the same security is appropriate with regard to more than one Fund, the Investment Adviser may, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law, with each client paying its proportionate share of the total commission and paying or receiving its proportionate share of the total cost or sales proceeds. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Fund will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each client's participation in the order (or allocation in the event of a partial fill) as determined by the Investment Adviser. In the event of a partial fill, allocations may be modified on a basis that the Investment Adviser deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations.

C. Trade Error Policy.

In the event that the Investment Adviser experiences an error with respect to trades made on behalf of the Funds, the Investment Adviser will correct such error in accordance with its policies and procedures. The Funds will generally be responsible for any losses resulting from trading errors and similar human errors, absent gross negligence or willful misconduct.

D. Trade Allocation Policy.

The Investment Adviser has adopted a trade allocation policy to mitigate potential conflicts of interest and to ensure the proper and fair allocation of investment opportunities across clients and strategies. The procedures are designed to ensure investment opportunities are allocated fairly among all of the Funds. Not all investment opportunities are appropriate for all strategies. However, as a general policy, if an investment is selected for a given strategy, it will be allocated to all investment vehicles within such strategy using a pro rated allocation based on the relative capital size of each of the vehicles.

Certain exceptions will apply to this general policy, but the overriding principle is to ensure a fair and equitable allocation of trades to each applicable Fund.

In addition, please see the discussion under Item 11C and under Item 12B.

ITEM 13

REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans.

The Investment Adviser performs various daily, weekly, monthly, quarterly and periodic reviews of each client's portfolio. At the overall portfolio composition level for all Funds, reviews are conducted by the head portfolio manager, Curtis Macnguyen, who is also a managing member of the Investment Adviser General Partner. In addition, individual investments constituting the Funds' portfolios are monitored and analyzed by the applicable senior investment professional primarily responsible for such investments.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review.

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients.

The Investment Adviser generally provides annual audited financial statements to its clients within 120 days of the applicable client's fiscal year end (180 days, in the case of any Fund that is a fund of funds).

Investors in the Funds generally receive the following regular reports: (i) after the end of each fiscal year of the Funds, annual audited financial statements (including a balance sheet, income statement and statement of changes in net assets) for the recently completed fiscal year; and (ii) monthly regular net asset value statements of the investors' Fund's shares or capital accounts. Other periodic reports may be provided to investors in a particular Fund. For example, investors in domestic-based Funds will receive annual tax information necessary for the completion of U.S. federal, state and local income tax returns. In addition, the Investment Adviser, as a service, generally provides weekly and/or monthly performance updates regarding the portfolios.

ITEM 14

CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients.

The Investment Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals.

Certain of the Funds compensate third parties for providing services to investors that they introduce to the Funds. Pursuant to such arrangements among the applicable Fund, the Investment Adviser and a third party placement agent, the Fund pays such placement agent an investor service fee generally based on the net asset value of the series of shares or capital account balance, as applicable, of the investor introduced to the Fund by the placement agent, generally at a rate of 0.50%. The management fees or performance fees/allocations to be charged to a Fund investor introduced by a placement agent will not reflect any differential over rates the Investment Adviser charges to other Fund investors not introduced by a placement agent that are invested in the same Fund and share class of a Fund. Certain of these placement agents (or their affiliated entities) may also be retained by the Investment Adviser as brokers or dealers to effect portfolio transactions on behalf of the Funds.

ITEM 15

CUSTODY

The Investment Adviser is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to the Investment Adviser.

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year (180 days in the event of a Fund that is a fund of funds).

ITEM 16

INVESTMENT DISCRETION

The Investment Adviser serves as the investment manager with discretionary trading authority to each Fund. The Investment Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. The Investment Adviser or an affiliate of the Investment Adviser entered into an investment management agreement, or similar agreement, with each Fund or its general partner, as applicable, pursuant to which the Investment Adviser or an affiliate of the Investment Adviser was granted discretionary trading authority.

ITEM 17

VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Voting Client Securities.

The Investment Adviser has adopted written proxy voting guidelines in accordance with Rule 206(4)-6 of the Advisers Act. In voting proxies, it is the general policy of the Investment Adviser to consider and vote each proposal with the objective of maximizing long-term investment returns for each Fund. The Investment Adviser's proxy policy addresses a broad range of issues, including, among others, board size and composition, executive compensation, anti-takeover proposals, capital structure proposals and auditor selection and is meant to provide general voting parameters on issues that arise most frequently.

The Investment Adviser may, however, vote in a manner that is contrary to the general guidelines if it believes that it would be in its client's best interest to do so. The proxy policy may be revised in the Investment Adviser's discretion. Clients may obtain a copy of the Investment Adviser's proxy policy and its voting record upon request. Clients may also obtain information from the Investment Adviser about how the Investment Adviser voted any proxies on behalf of the Funds.

B. No Authority to Vote Client Securities and Client Receipt of Proxies.

Not Applicable.

ITEM 18

FINANCIAL INFORMATION

The Investment Adviser 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.