
PART 2A OF FORM ADV: FIRM BROCHURE

Caravel Management LLC

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This brochure (this "Brochure") provides information about the qualifications and business practices of Caravel Management LLC (the "Investment Adviser"). If you have any questions about the contents of this Brochure, please contact us at 212-994-9800. Information provided 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 the Investment Adviser 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. 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.

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ITEM 4

ADVISORY BUSINESS

The Investment Adviser, a Delaware limited liability company, was founded in 2004. On May 25, 2006, the Investment Adviser became an SEC registered investment adviser.

James Harmon ultimately controls the Investment Adviser as the Senior Managing Member. The principal owners of the Investment Adviser are the Harmon family (James, Deborah, Douglas and Jennifer) who each own 25% of the entity.

The Investment Adviser provides investment management services to private pooled investment vehicles that are offered to investors on a private placement basis. The investment vehicles are structured as limited partnerships or non-U.S. corporations. In connection with providing these investment management services, the Investment Adviser has been appointed as the investment adviser with discretionary trading authorization.

The Investment Adviser serves as the investment adviser for The Caravel Fund (Onshore) LP, a Delaware limited partnership (the "U.S. Fund"). Caravel Partners LLC, a limited liability company affiliated with the Investment Adviser, serves as the general partner ("General Partner") of the U.S. Fund. The interests in the U.S. Fund are offered on a private placement basis, pursuant to Section 3(c)(7) of the Investment Company Act of 1940, (the "Company Act") to persons who are "accredited investors" as defined under the Securities Act of 1933 (the "Securities Act") and "qualified purchasers" as defined under the Company Act, and subject to certain other conditions, which are set forth in the offering documents for the U.S. Fund.

The Investment Adviser is also the investment adviser to The Caravel Fund (Offshore) Ltd., a Bermuda company (the "Offshore Fund"). Shares in the Offshore Fund are offered on a private placement basis to persons who are not "U.S. Persons," as defined under Regulation S of the Securities Act, and U.S. tax-exempt entities (or entities substantially comprised of U.S. tax-exempt entities), and subject to certain other conditions, which are set forth in the offering documents for the Offshore Fund.

The Investment Adviser has full discretionary authority with respect to investment decisions, and its advice with respect to the U.S. Fund and Offshore Fund (collectively, the "Funds" or "Clients") is made in accordance with the investment objectives and guidelines as set forth in their respective offering memoranda. Please refer to Item 8 for a more detailed description of the Investment Adviser's investment strategies, as well as a summary of the securities and other instruments purchased by Funds under the management of the Investment Adviser.

The U.S. Fund and the Offshore Fund are feeder funds that invest substantially all of their assets into The Caravel Fund (International) Ltd. (the "Master Fund"), a Bermuda company which is also managed by the Investment Adviser.

The Investment Adviser manages approximately \$177 million as of December 31, 2011 on a discretionary basis. The Investment Adviser does not manage any assets on a non-discretionary basis.

ITEM 5

FEES AND COMPENSATION

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

U.S. Fund

With respect to the U.S. Fund, the Investment Adviser is generally paid a quarterly management fee equal to 0.50% (2.0% annualized) of the aggregate balances of the capital accounts of the limited partners of the U.S. Fund (adjusted for contributions and withdrawals), payable quarterly in arrears and is deducted from each limited partner's capital account on the last day of each calendar quarter. In addition, the General Partner is generally entitled to an incentive allocation equal to 20% of the annual net capital appreciation of each limited partner's capital account in the U.S. Fund. The incentive allocation to the General Partner is generally made at the end of the calendar year after deduction of the management fee and subject to loss carryforward provisions.

The Investment Adviser and the General Partner reserve the right to waive or impose different fees or otherwise modify the fee arrangements of an existing investor in the U.S. Fund with the consent of such investor. In addition, the U.S. Fund reserves the right to impose different fees on future investors.

Offshore Fund

With respect to the Offshore Fund, the Investment Adviser is generally paid a quarterly management fee equal to 0.50% (2.0% annualized) of the net asset value ("NAV") of each class of shares of the Offshore Fund, payable quarterly in arrears on the last day of each calendar quarter. Additionally, the General Partner generally receives an incentive allocation from the Offshore Fund of 20% of the net realized and unrealized appreciation in the NAV of each series of shares of the Offshore Fund at the end of the Offshore Fund's fiscal year, after deduction for the management fee and subject to high water mark provisions.

The Investment Adviser reserves the right to waive or impose different fees or otherwise modify the fee arrangements of an existing investor in the Offshore Fund with the consent of such investor. In addition, the Offshore Fund reserves the right to impose different fees on future investors.

The Investment Adviser and its personnel may invest in one or more of the Funds. The Investment Adviser and the Investment Adviser's personnel are not charged a management fee or performance-based compensation by the applicable Funds.

A portion of each Fund may be invested in securities and instruments the Investment Adviser determines to be illiquid and lacking a readily assessable market value and such investments may be maintained in special situation sub-accounts, in which case they are not subject to any performance-based compensation until a gain is realized or deemed realized. Such illiquid investments are usually subject to the management fees described above and are generally valued at cost for the period that they are maintained in a special situation sub-account.

Fees and compensation paid to the Investment Adviser or its affiliates by the Funds are generally deducted from the assets of such Clients. As discussed above, management fees are generally deducted on a quarterly basis and the incentive allocation is generally deducted on an annual basis.

Each Fund bears its own operational expenses, including, without limitation, research-related expenses (including, without limitation, news and quotation equipment and services, research-related travel expenses), legal, compliance, administration, accounting, auditing and tax preparation expenses and other professional fees, expenses incurred in connection with the development and implementation of an electronic investor information delivery site and/or system; Fund-related insurance expenses (including, without limitation, premiums on directors' and officers' and errors and omissions insurance and the Investment Adviser liability insurance), interest on margin accounts, charges on securities sold short, custodial fees, trustee's fees, brokerage commissions, bank service fees, interest on loans and debit balances, any taxes applicable to such Fund on account of its operations and all other reasonable expenses related to the management and operation of the Fund as well as the purchase, sale or transmittal of Fund assets, as well as the Fund's proportionate share of the expenses of the Master Fund.

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 compensation from every Client. 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 compensation from some Clients, but not from other Clients.

ITEM 7 TYPES OF CLIENTS

The Investment Adviser provides advice to Funds that are private investment funds, as described above. Investors in the Funds include individuals, trusts, estates, charitable organizations, pension plans, endowments, bank or thrift institutions, investment companies, corporations and other business entities.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

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 Funds invest in frontier and emerging markets and target a hybrid universe that consists of 30 frontier and non-BRIC emerging markets. The Investment Adviser seeks to construct a diversified portfolio for the Funds that is comprised of up to 60 securities. The Investment Adviser's strategy is primarily bottom-up stock picking with a continuous top-down overlay of macro analyses of countries. The Investment Adviser on behalf of the Funds typically invests in 18-20 countries (out of the 30 in the hybrid universe) based on the following characteristics: (1) strong demographic tailwinds, (2) superior economic growth, (3) stable balance of payments and fiscal positioning, (4) pro-reform governments and (5) attractive valuation multiples. The Investment Adviser's aim is to generate superior absolute returns over a 3-5 year time horizon based on a fundamental, long-term investment strategy.

On behalf of the Funds, the Investment Adviser seeks to buy quality companies at reasonable prices. The Investment Adviser defines quality as: (1) dominant or growing market share, (2) strong management teams, (3) high or improving return on capital and (4) attractive multiples against long term earnings growth.

The Investment Adviser also layers in a top-down view on the country and sector levels and targets the major themes (e.g., infrastructure, consumer) of the countries in its universe. For an idea to be included in the portfolio, it must go through a rigorous research process. The Funds' portfolio is concentrated yet diversified and consists of up to 60 publicly listed securities based on long-term fundamentals.

For the Investment Adviser, country visits and meetings with company management are an extremely important source of information and part of the Investment Adviser's overall analysis that provides the foundation and framework for the Investment Adviser's investment decision making. The Investment Adviser's investment professionals (1) typically meet with company management several times in order to understand the business model and strategy and to perform internal modeling of income statement, balance sheet and cash flows on a historical and forward looking basis, (2) are organized by region and (3) travel to their respective regions on a frequent basis to meet with company management, do site visits and perform due diligence and talk to local contacts.

The portfolio is predominantly unhedged and unleveraged. The equities in the portfolio are generally companies located in "economies in transition" that are perceived to have competitive business models, professional management, above trend earnings and growth rate and positive corporate governance. On behalf of the Funds, the Investment Adviser may also invest from time to time in fixed income securities with equity-like returns. The Investment Adviser will generally hold each security in the Funds' portfolio for a period of time commensurate with the growth of earnings and assets of the issuer, typically more than a year.

Investment Strategies

The Investment Adviser utilizes the following investment strategies to obtain its Clients' investment objectives.

Long term: The Investment Adviser believes that superior financial returns can be achieved by investing in undervalued businesses in transitional economies with strong fundamentals and professional management.

Early Stage: The Investment Adviser intends to identify such early stage businesses in countries that are in the early stages of significant political and economic change and where the prospects for GDP growth exceed the global average.

Fundamentals: Members of the Investment Adviser's team have had direct experience living and working in transitional emerging markets, and have invested in emerging market securities (listed and unlisted) over the past decade.

Concentrated Portfolio: Based on the above (and other) considerations, the Investment Adviser will maintain a concentrated portfolio comprised of up to 60 securities. The Investment Adviser strives to generate returns from specific investments that outperform over time, rather than constructing a large portfolio which diversifies out specific risk, and then "times its trades" in an effort to achieve market out-performance. As such, each underlying position in the portfolio is justified on the basis of analysis of its specific earnings, assets and management.

Predominantly Unhedged: The Investment Adviser believes that over the long term markets reward investors for taking specific risk. However, the Investment Adviser reserves the right to hedge from time to time, when it deems appropriate.

Pre-IPO: The Investment Adviser believes that attractive investment opportunities in emerging markets can present themselves in the form of unlisted (private) businesses intending to list in the near future.

Diversification: Portfolio risk is managed by adhering to certain guidelines related to the concentration of exposure.

Fixed Income: As a rule, the Funds' portfolio will consist of emerging markets equities. However, the Investment Adviser believes that there are certain times and certain circumstances in which fixed income securities in emerging markets may yield equity-like returns.

Currency: As with specific risk, the Investment Adviser does not propose to hedge-out currency risk. Such hedging would be extremely difficult and expensive for most of the currencies in which the portfolio is likely to be invested.

Leverage: Currently, the Investment Adviser does not intend to use leverage but may do so in its discretion in order to maximize the Funds' portfolio returns.

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 Clients 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.

General Risk of Emerging Markets. Investment in emerging markets securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging markets securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions and a greater likelihood of severe inflation, unstable currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, the Investment Adviser's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and, therefore, transactions would need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging markets securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

Currency Exchange Exposure. The Investment Adviser on behalf of the Funds may invest a significant portion of its assets in the securities of non-U.S. issuers and other instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The value of the Funds' positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the Investment Adviser make its investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Funds' securities in their local markets and may result in a loss to the Funds. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Funds' non-U.S. dollar investments.

Furthermore, the Investment Adviser may incur costs in connection with conversions between various currencies. Non-U.S. currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Investment Adviser at one rate, while offering a lesser rate of exchange should the Investment Adviser desire immediately to resell that currency to the dealer. The Investment Adviser conducts the Funds' currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through

entering into forward, or options contracts to purchase or sell non-U.S. currencies. Most of the Funds' currency exchange transactions occur at the time securities are purchased and are executed through the local broker or custodian acting for the Funds.

Illiquid Portfolio Instruments. As described above, the Fund may invest a portion of its assets in illiquid investments and may designate certain investments as Special Situations Investments. The Partnership may not be able to readily dispose of such investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time.

Short Selling. The Funds' investment portfolio may include short positions. Short selling involves selling securities which may or may not be owned 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 a decline in the price of a particular security to the extent that such decline exceeds the transaction costs and the costs of borrowing the 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 to the Investment Adviser on behalf of the Funds 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.

Leverage and Financing Risk. The Investment Adviser does not currently intend to use leverage in its investment program but may do so in its discretion if the Investment Adviser believes that the use of leverage may enable the Funds to achieve a higher rate of return. Accordingly, the Investment Adviser may pledge its securities in order to borrow additional funds for investment purposes. The Investment Adviser may also leverage its investment return with options, short sales, forwards and other derivative instruments.

While leverage presents opportunities for increasing the Funds' total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Investment Adviser on behalf of the Funds would be magnified to the extent the Funds are leveraged. The cumulative effect of the use of leverage by the Investment Adviser on behalf of the Funds in a market that moves adversely to the Investment Adviser's investments could result in a substantial loss to the Funds which would be greater than if the Funds were not leveraged.

In general, the use of short-term margin borrowings results in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the Funds' margin accounts decline in value, the Funds could be subject to a "margin call", pursuant to which the Investment Adviser on behalf of the Funds must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Funds' assets, the Investment Adviser might not be able to liquidate assets quickly enough to satisfy their margin requirements.

Risks Associated With Particular Types of Securities

Equity Securities. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if the Investment Adviser invests in equity instruments of issuers whose performance diverges from the Investment Adviser's expectations or if equity markets generally move in a single direction and the Funds have not been hedged against such a general move. The Funds also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Fixed Income Securities. The Investment Adviser on behalf of the Funds may invest in bonds or other fixed income securities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Investment Adviser invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. 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).

Convertible Securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which

investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Funds is called for redemption, the Investment Adviser on behalf of the Funds will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third- party. Any of these actions could have an adverse effect on the Investment Adviser's ability to achieve its investment objective for the Funds.

Call Options. The Funds may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., 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 an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options. The Funds may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., 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 if the market price falls 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 its entire investment in the put option.

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

which the Investment Adviser would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds.

ITEM 9 DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to the Clients' or prospective Clients' 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

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.

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.

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

Code of Ethics

The Investment Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, the Investment Adviser has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place Clients' interests first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Funds, including the Funds' investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times. The Code also places restrictions on personal trades by employees, including but not limited to disclosure of their personal securities holdings and transactions to the Investment Adviser on a periodic basis and requires its employees to pre-clear certain types of personal securities transactions.

Investors may request a copy of the Code by contacting the Investment Adviser at the address or telephone number listed on the first page of this document.

Cross Trades

Although not presently contemplated by the Investment Adviser, there may be situations where it will be advantageous to Clients' accounts to effect a securities transaction between two advisory Clients for rebalancing or other purposes, otherwise known as a cross trade. In the event that a cross trade would be in the best interests of both advisory Clients and permitted under the governing documents, the Investment Adviser may effect the cross trade subject to the following guidelines: (1) such transaction shall be effected for cash consideration at the current market price of the particular securities, and (2) no brokerage commissions or transfer fees shall be paid to the Investment Adviser in connection with any such transaction.

In such a case, the Investment Adviser will have its custodian effect the transaction within the context of the market at a time that is fair to both Clients involved in the transaction. The custodian's payment will be borne equally by both advisory Clients. All cross trades will be approved by the Chief Compliance Officer before the orders are executed. The Chief Compliance Officer shall document the reason for the trade.

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 in such a Client and approved or disapproved by (i) an advisory board comprised of representatives of such investors 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.

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

The Investment Adviser allows employees to trade emerging markets securities under a strict Employee Trading policy which incorporates both a pre-approval requirement as well as a requirement that all employees provide copies of personal account brokerage statements at least quarterly. The Investment Adviser also requires that all employees certify that they are in compliance with the Code. The Chief Compliance Officer is charged with insuring compliance with the Code. The Investment Adviser's personnel may buy, sell, or hold securities or other instruments for their own accounts while entering into different investment decisions for one or more Funds.

In addition, the Investment Adviser's personnel may also invest in eligible Funds of their choosing and are not required to invest in all Funds. It is expected that if such investments are made the size of these investments will change over time. Neither the Investment Adviser nor its personnel are required to keep a minimum investment in any of the Funds.

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 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. The Advisory Affiliates may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by or may fall within the investment guidelines of the Funds. The Advisory Affiliates 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 the Funds. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Funds. Potential conflicts may also arise due the Advisory Affiliates having investments in some Funds but not in others, or having different levels of investments in the various Funds and because the Funds may pay different levels of fees to the Investment Adviser.

The Advisory Affiliates may also have ongoing relationships with companies whose securities are in or are being considered for the Funds.

The Investment Adviser and its affiliates will act in a manner which it considers fair and equitable in allocating investment opportunities among the accounts of its Clients, although situations may arise in which the account activities of one Client may disadvantage another Client, such as the inability of the market to fully absorb orders for the purchase or sale of particular securities placed by the Investment Adviser and its affiliates for the Clients and other accounts at prices and in quantities which would be obtainable if the same were being placed only for one Client.

ITEM 12 BROKERAGE PRACTICES

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.

In selecting an appropriate broker-dealer to effect a Client trade, the Investment Adviser seeks to obtain best execution. In addition to the price of a security offered by the broker-dealer, the Investment Adviser also considers its full range and quality of services, including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to the Investment Adviser, brokerage and research services provided to the Investment Adviser (*e.g.*, research and related services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistical and pricing services; discussions with research personnel; and databases and other news, technical and telecommunications services and equipment, periodical subscriptions, third-party research, professional fees and certain travel-related expenses utilized or incurred by the Investment Adviser in the investment management or execution process), special execution and block positioning capabilities, clearance, settlement and custodial services. Based on the above mentioned factors, the Investment Adviser executes

over-the-counter ("OTC") transactions on an agency basis through Electronic Communications Networks ("ECNs"). It will also consider the following factors when choosing to use one ECN over another: the ease of use, the flexibility of the ECN compared to other ECNs, and the level of care and attention that will be given to smaller orders. The Investment Adviser maintains policies and procedures to review the quality of execution, including periodic reviews by its investment professionals.

Neither the Investment Adviser nor any related person receives Client referrals from any broker-dealer or third party.

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

ITEM 13 REVIEW OF ACCOUNTS

The Investment Adviser performs various daily, weekly, monthly, quarterly and periodic reviews of the Funds' portfolios. Such reviews are conducted by the members of the Investment Adviser's portfolio team and Chief Financial Officer.

The Investment Adviser generally provides annual audited financial statements to its Clients within 120 days of the applicable Client's fiscal year end.

Investors in the Funds receive a monthly statement from the Investment Adviser's respective onshore and offshore administrators documenting the performance of their fund and the amount of their investment. Additionally, the Investment Adviser provides its investors with a quarterly commentary. The Investment Adviser may provide certain investors with information on a more frequent and detailed basis if agreed to by the Investment Adviser. In addition, the Investment Adviser issues investors tax reports and audited financial statements concerning their respective Funds within 120 days of the end of the Fund's fiscal year as well as unaudited performance information to investors on a monthly basis.

In addition, members of the Investment Adviser's investment team may participate in portfolio reviews with the Funds' investors.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

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

Neither the Investment Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for Client referrals. However, from time to time, the Investment Adviser may utilize third-party placement agents who are compensated to refer investors to the Investment Adviser. Such compensation may be borne by the Investment Adviser or by the investor for referring investors to a Fund or to other investment vehicles managed by the Investment Adviser.

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.

ITEM 16 INVESTMENT DISCRETION

As previously noted, with respect to investment decisions and its advice to the U.S. Fund and the Offshore Fund, the Investment Adviser has full discretionary authority. Such decisions are made and advice is given in accordance with the investment objectives and guidelines that are set forth in their respective offering memoranda.

The Investment Adviser or an affiliate of the Investment Adviser entered into an investment management agreement, or similar agreement, with each Fund, pursuant to which the Investment Adviser or an affiliate of the Investment Adviser was granted discretionary trading authority.

ITEM 17 VOTING CLIENT SERVICES

The Investment Adviser has adopted proxy voting policies and procedures that address how the Investment Adviser votes proxies. The policy is based on the principle that the Investment Adviser and its employees have a fiduciary responsibility to the Funds and to investors. Prior to voting any proxies, a Proxy Voting Committee will determine if there are any material conflicts of interest related to the proxy in question. If no material conflict is identified, the Proxy Voting Committee will determine the manner in which to vote the proxy in question in accordance with the guidelines set forth in the Investment Adviser's compliance manual. The Investment Adviser is not required to vote every proxy and a decision not to vote should not necessarily be construed as a violation of the Investment Adviser's fiduciary obligations. The Investment Adviser shall at no time ignore or neglect its proxy voting responsibilities. However, there may be times when refraining from voting is in the Funds' best interest, such as when the Investment Adviser's analysis of a particular proxy reveals that the cost of voting the proxy may exceed the expected benefit to the Funds (e.g., casting a vote in a foreign security may require that the Investment Adviser engage a translator or travel to a foreign country to vote in person). Conflicts of interest may arise between the interests of the Clients on the one hand and the Investment Adviser or its

affiliates on the other hand. If the Investment Adviser determines that it may have, or is perceived to have, a conflict of interest when voting proxies, the Investment Adviser will vote in accordance with its proxy voting policies and procedures. The Investment Adviser's investors may obtain (i) a copy of the Investment Adviser's proxy voting policies and procedures and/or (ii) information on how the Investment Adviser has voted proxies with respect to the Funds' securities by contacting the Investment Adviser's Chief Compliance Officer.

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.