

Investment Adviser Brochure (Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Cypress Capital Management GP, LLC (“Cypress” or “the Firm”). If you have any questions about the contents of this brochure, please contact us at the telephone number or email address listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Cypress Capital Management GP, LLC is available on the SEC’s website at www.adviserinfo.sec.gov. The Firm’s IARD# is 149129.

Any reference to Cypress being a “Registered Investment Advisor” simply means that the Firm is registered as an investment advisor and does not imply a certain level of skill or training.

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Material Changes

This Brochure also contains several amendments either expanding upon or further clarifying disclosures made on its previous Brochure. The following is a summary of material changes made to this Brochure since the Firm's last annual amendment filing dated February 24, 2012.

- Item 4: Advisory Business. The amount of assets under management was changed in the April 11, 2012 filing in order to reflect the regulatory assets under management ("RAUM") as opposed to the assets under management ("AUM"). RAUM are assets of securities portfolios over which the adviser provides "continuous and regular supervisory or management services," regardless of whether they are proprietary assets, assets managed without receiving compensation or assets of foreign clients, all of which an adviser currently may, but is not required to exclude in calculating the "assets under management" for SEC registration purposes. RAUM represent gross assets rather than net assets (AUM).
- Item 4: Advisory Business. With the April 23, 2012 filing, Cypress applied for registration with the SEC.
- Item 4: Advisory Business. Disclosure of special rights granted to seed investor, Palmer Square Emerging Manager Fund, L.P. ("Palmer Fund"). In connection with this seed investment in the Onshore Fund, Palmer Fund received equity interests in Cypress, which entitle the Palmer Fund to share in the revenues (including from performance allocations and management fees) of Cypress, as well as other special rights, including increased access to information regarding the Funds, certain capacity rights and special redemption rights under certain circumstances. The general partner of the Palmer Fund is managed and operated by Atlantic Asset Management, L.L.C., Montage Alternative Capital LLC, and Palmer Square Capital Advisors LLC, and the investment manager of Palmer Fund is managed and operated by Atlantic Asset Management, L.L.C., Montage Alternative Advisors LLC, and Palmer Square Capital Management LLC (together with their affiliates, "Atlantic", "Montage", and "Palmer Square", respectively). As part of the seed investment, Atlantic, Montage and Palmer Square may provide certain marketing and infrastructure support to Cypress.

Advisory Business

Cypress Capital Management GP, LLC (“Cypress”), is a California limited liability company that was formed on October 3, 2008. Cypress acts as the general partner and provides investment advisory services to the following pooled investment vehicles (each a “Client” and collectively referred to as “the Funds”) structured as limited partnerships:

Cypress Capital Master, LP (“Master Fund”): Cayman Islands limited partnership structured as a 3c-7 offshore vehicle.

Cypress Capital Onshore, LP (“Onshore Fund”): Delaware limited partnership structured as a 3c-7 onshore vehicle.

Cypress Capital Offshore, Ltd (“Offshore Fund”): Cayman Islands limited partnership structured as a 3c-7 offshore vehicle.

Cypress Capital Founders, LP (“Founders Fund”): Delaware limited partnership structured as a 3c-1 onshore vehicle.

The Funds are set up using a “master feeder” fund structure. Cypress Capital Master, LP is the “master” Fund and the Onshore and Offshore Funds feed into the master. The Founders Fund is separate, but differs from the Onshore Fund only in that the Limited Partners (“investors”) in the Onshore Fund must be “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (a “**Qualified Purchaser**”). This requirement does not apply to investors in the Founders Fund.

The limited partnership agreement of each entity is identical except for the name of the entity. In addition to being the General Partner, Cypress is also each Fund's investment manager. Cypress is registered as an investment adviser with the SEC. Cypress intends that it and members of its investment staff will maintain significant investments in the Fund at all times.

Cypress may also have different types of clients, including Separate Accounts. Any reference to “Client” in this brochure shall mean either an individual client for which Cypress manages a Separate Account or each of the Funds.

The services provided by Cypress are tailored to the individual needs of each Client and Clients may impose restrictions as outlined in either a limited partnership agreement or other advisory agreement.

Brenden Smith controls 100% of the voting rights in Cypress. Palmer Square Emerging Manager Fund, L.P., a private fund of funds (the “Palmer Fund”), in connection with the seed investment in the Onshore Fund, received equity interests in Cypress, which entitle the Palmer Fund to share in the revenues (including from performance allocations and management fees) of Cypress, as well as other special rights, including increased access to information regarding the Funds, certain capacity rights and special redemption rights under certain circumstances. The general partner of the Palmer Fund is managed and operated by Atlantic Asset Management, L.L.C., Montage Alternative Capital LLC, and Palmer Square Capital Advisors LLC, and the investment manager of Palmer Fund is managed and operated by Atlantic Asset Management, L.L.C., Montage Alternative Advisors LLC, and Palmer Square Capital Management LLC (together with their affiliates, “Atlantic”, “Montage”, and “Palmer Square”, respectively). As part of the seed investment, Atlantic, Montage and Palmer Square may provide certain marketing and infrastructure support to Cypress.

Cypress manages assets on a discretionary basis of \$113,414,162. This amount reflects regulatory assets under management (“RAUM”) and was calculated as of July 31, 2012. It is noted that RAUM are assets of securities portfolios over which the adviser provides “continuous and regular supervisory or management services,” regardless of whether they are proprietary assets, assets managed without receiving compensation or assets of foreign clients, all of which an adviser currently may, but is not required to exclude in calculating the “assets under management” for SEC registration purposes. RAUM represent gross assets rather than net assets (AUM).

Fees and Compensation

The Funds’ offering documents will set forth the terms of the relationship between each Fund and the investors in such Fund, including such matters as advisory fees, custodial arrangements, management of the Funds, and withdrawal of assets. Cypress charges an annual management fee to each investor in the Funds and each Separate Account client based on the net asset value of the investor’s or client’s capital account. This management fee ranges from 1% - 2%.

This fee is paid quarterly in advance (calculated on the first business day of each calendar quarter). If a Fund is not in existence for the entire quarter, the management fee for such quarter will be prorated. The management fee for the first quarter in which a new investment is made, will be adjusted *pro rata* for the number of days remaining in the quarter. No portion of a management fee paid or payable for a quarter will be refundable if all or a portion of the investor’s capital account is withdrawn during the quarter. Cypress may waive or reduce the management fee due from any investor, including the Firm (in its status as an investor in the Funds or a Fund) or its affiliate, and may pay all or part of the management fee to third parties for services rendered in connection with the placement of interests in the Funds. In addition, at the close of each fiscal year, Cypress will be allocated 17.5% of the profits with respect to Class A Units or 20% with respect to Class B Units as outlined in Section 6 “*Performance Based Fees*” of this brochure.

Cypress has retained an independent third party and has a disbursement agreement in place for each Fund that authorizes fee payment from each investor’s Capital Account to the Firm as outlined above. Withdrawals of fees from the investors’ Capital Accounts to the Firm are made according to the procedures set forth in the disbursement agreements.

The Funds bear all expenses associated with its investment activities and operations, including brokerage commissions, banking and custody charges, interest and fees relating to borrowing, withholding taxes, expenses of research and data collection and analysis, costs of communicating with investors and legal, accounting, auditing (if any), insurance, travel expenses and organizational expenses. Cypress bears its own overhead costs, including office space and utilities costs and compensation of secretarial, clerical and other personnel. To the extent, if any, that an expense is fairly allocable to only one of the Funds, the expense will be borne only by that entity. With that sole exception, all entities will bear operating expenses in proportion to their respective amounts of invested and investible capital.

Cypress believes that its fees are reasonable based on the services that it provides to its Clients. However, other sources may provide comparable services for lower fees.

Cypress does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Performance-Based Fees and Side-By-Side Management

Each Fund pays Cypress a “special profit allocation,” generally equal to 17.5% – 20% of the increase in value of the outstanding Fund profits. This incentive fee is subject to a “high water mark,” which means the incentive fee can only be charged on net profits (i.e. profits after losses in previous years have been recovered). The high water mark is designed to keep the Firm from receiving an incentive fee on profits that restore previous losses. Once paid, incentive fees and allocations will not be reduced by losses incurred in later periods.

The Funds generally pay incentive fees or make incentive allocations at the end of each fiscal year. These fees may also be paid or allocated when Fund investors withdraw capital or redeem shares, but only in relation to the amount of capital withdrawn or shares redeemed.

These allocations are the aggregate of amounts calculated separately for each investor in each Fund. These fees are not generally negotiated, but we do have the ability (within our agreements with each Fund) to vary them for certain investors.

This special profit allocation may create an incentive for Cypress to make investments that are more speculative or riskier than would be the case if there were no performance-based fees. Capital appreciation, both realized and unrealized, is a factor in calculating performance-based fees.

Cypress generally has discretion to waive or modify the application of various investment terms applicable to an investor in the Funds in a "side letter" or in any other manner, without obtaining the consent of any other investor in the Funds. For example, certain investors may receive special fee or information rights that are not provided to other investors, subject always to our fiduciary duty to treat all investors fairly and equitably.

Cypress may manage other accounts and funds that may charge fees at rates different from those of the Funds. Any differences in the fee structures of private pooled investment vehicles and other accounts we manage could create an incentive for Cypress to favor those clients that pay higher performance-based and other fees. As a fiduciary, Cypress recognizes its duty to act in good faith with fairness in all of its dealings with all clients, regardless of fee arrangements.

Types of Clients

Investors in each Fund generally must be accredited investors as defined in Regulation D under the Securities Act of 1933, and qualified clients under Rule 205-3 of the Investment Advisers Act. The Onshore fund is limited to investors who are "qualified purchasers" as that term is defined in section 2(a)(51) of the Investment Advisers Act of 1940. The Funds place no formal restrictions on the types of clients that may invest, provided that a prospective client satisfies these eligibility requirements, but Cypress may decline a proposed investment from any person.

There is no minimum requirement for becoming a Client of the Firm, but the Firm does require, (with exceptions granted in its sole discretion) a minimum investment by investors in each Client.

Methods of Analysis, Investment Strategies and Risk of Loss

The Firm manages its Funds and Separate Accounts in a manner to strive to protect capital in times of market stress, deliver superior risk adjusted absolute returns across all phases of the economic/investment cycle, and exploit competitive advantage to generate long-term investment results. We seek to generate alpha via successful long and short stock selection, active position sizing, and risk management. The investment process combines top-down trend identification with bottom-up, proprietary research. We leverage long-term sector-level expertise and conducts extensive primary research to identify the most compelling investment opportunities. We construct proprietary financial models for each company considered for a significant investment and monitors the landscape for dislocations between consensus and its own expectations.

A disciplined real-time approach to monitoring risk/reward determines entry and exit points and interim position-sizing. With rare exceptions, a hard stop-loss of 25% is employed for single stock positions once the maximum single-position size (10%) has been reached. The Funds use minimal leverage with maximum long exposure of 130% and maximum gross exposure (long plus short) of 200%, and takes a conservative approach to the use of derivatives and private/illiquid investments.

We manage each Fund and Separate Account to operate as a "best ideas" vehicle with approximately 40-60 stocks in the portfolio. No single position is allowed to exceed 10% of fund assets (at cost). In an effort to generate alpha, manage risk and support longs, there is also a heightened emphasis on the short book within the overall portfolio. Timely adjustments are made to maintain net exposure within the range of -30% to +60%.

Investments in the Funds or in a Separate Account involve financial and other risks, including the risk of a loss of principal and are suitable only for sophisticated investors. An investment in any of the Funds or Separate Accounts should not represent a complete investment program for the investor and the investor should fully understand and be capable of bearing the risks of an investment in the Funds or Separate Accounts. Prospective investors should carefully review the risks involved in investing in Funds or Separate Accounts managed by the Firm and should evaluate the merits and risks of an investment in the Fund in the context of their overall financial circumstances. Potential investors in a Fund should review such Fund's offering circular or private offering memorandum carefully and in its entirety, and consult with their professional advisers before deciding whether to invest. A potential investor or client should discuss with Cypress representatives any questions that such person may have before opening an account or making an investment in a Fund. The attorneys who represent Cypress or its Funds do not represent clients or investors. Clients and investors must hire their own counsel for legal advice and representation.

The risks described below generally apply to individually managed accounts and do not purport to be complete, but should be considered carefully by investors and clients.

Investment Selection and Risks. Markets for securities invested in by Cypress fluctuate and the market value of any particular investment may vary substantially. In addition, such Securities may be issued by unseasoned companies and may be highly speculative. Cypress can never learn all relevant information regarding a company or a Security. Further, Cypress may misinterpret or incorrectly analyze the information that it has about a particular company or Security. These and other factors may cause Cypress to (a) invest in Securities at times that will lead to losses and may cause an investor or client to lose a significant portion of his/her investment or (b) refrain

from investing in particular Securities at times that would have resulted in gains in the Funds' or Separate Account portfolios if Cypress would have caused the Client to invest.

Information Sources. Cypress selects investments based in part on information and data that the issuers of such Securities file with various government agencies or make directly available to Cypress or that it obtains from other sources. Cypress is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

Investing in Emerging Growth Technology Companies. Companies in the rapidly changing field of technology face special risks. Neither Cypress nor the companies in which we invest have any significant control over the rate of technological developments. For this and other reasons specific to particular industries and companies, the Securities of companies in the emerging growth technology industry tend to be substantially more volatile than the rest of the market.

Investing in Small and Middle Market Capitalization Companies. Companies involved in the emerging growth technology industry often have small or medium size market capitalization and typically involve a high degree of business and financial risk and can result in substantial losses due to special risk factors. Investments may be subject to a greater degree of investment risk with regard to investments in Securities of companies with lower market capitalization, than other investment entities that invest in companies with larger capitalizations.

Investing in Consumer Companies. Cypress expects to invest its Funds and Separate Accounts in consumer-based companies. These companies are subject to general economic conditions and their impact on levels of consumer spending. If Cypress does not accurately predict such conditions, performance will be adversely affected.

Changes in Economic Conditions. Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.

Large Positions. Cypress may acquire for a client a large position in an issuer's securities but the client nevertheless is unlikely to have any control over the issuer's management.

Short Sales. Cypress sells securities short, resulting in a theoretically unlimited risk of loss if the prices of the securities sold short increase. Management and stockholders of an issuer may sue short sellers to prevent short sales of the issuer's securities. Cypress could be subject to such actions, even if they are baseless, and clients could incur substantial costs defending them.

Options. Cypress may sell covered and uncovered options on securities. The sale of uncovered options could result in unlimited losses.

Leverage. Cypress may use leverage by borrowing on margin, selling securities short and trading futures, other commodity interests and derivatives. These instruments are highly volatile and risky and can be difficult to value.

Hedging. Cypress engages in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument.

Extreme Volatility. The Funds' investments in illiquid Securities and Securities of companies with micro- to small-sized market capitalizations involve extreme business and financial risk and can result in substantial or complete loss. Even if the Securities of such companies are sold

publicly, the public trading markets for them may be extremely volatile from day to day or from period to period. Investments in Securities with relatively low prices may be subject to greater percentage price fluctuations than higher priced Securities.

High Turnover. An account may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.

Limited Liquidity of Investments. Some of an account's positions may be or become illiquid, in which case SPC may not be able to sell such positions.

Restricted Securities. An account may invest in restricted securities that are subject to long holding periods or that are not traded in public markets. These securities are difficult or impossible to sell at prices comparable to the market prices of similar publicly-traded securities and may never become publicly traded.

Diversification and Concentration of Investments. An account's investments may not be diversified. Therefore, a loss in any one position, industry or sector in which a Fund or Separate Account has invested may cause significant losses. There are no particular limits as to concentration in particular issuers or types of investments. If a Fund concentrates its investments in several, relatively large Security positions or industries relative to its capital, a loss in any one position or a downturn in any one industry could reduce its performance materially.

Valuation. In some instances, Cypress provides information about the value of securities held in client accounts, whether or not a public market exists for such securities. If Cypress's valuation is inaccurate, it might receive more compensation than that to which it is entitled, a new investor in a fund might receive an interest that is worth less than the investor paid and an investor that is withdrawing assets might receive more than the amount to which the investor is entitled, to the detriment of other investors. Our complete valuation policy can be provided upon request.

Losses in Accounts. Cypress and its affiliates and agents generally are not responsible to any client or investor for losses incurred in an account unless the conduct resulting in such loss breached Cypress's fiduciary duty to the client or investor.

Transfer and Liquidity of Limited Partnership Interests. There is not and will not be an active market for the interests in the Funds. It may be impossible to transfer any such interests, even in an emergency. Additionally, a Fund may not be able to generate cash necessary to satisfy investor withdrawals and redemptions. Substantial withdrawals and redemptions in a short period could force Cypress to liquidate investments too rapidly, and may so reduce the size of a fund that it cannot generate returns or reduce losses. A fund may limit or suspend withdrawals or redemptions of an investor's assets from the fund. A fund may also dissolve or expel any investor at any time, even if such actions adversely affect one or more investors. If a limited partnership client becomes insolvent, investors may be required to return with interest any distributions and forfeit any undistributed profits.

Transparency. Cypress may provide certain investors or clients more frequent or detailed reports, special compensation arrangements and withdrawal or redemption rights that it does not provide to other investors or clients.

Rapid Growth. If the assets that Cypress and its affiliates manage grow too large, it may adversely affect performance, because it is more difficult for Cypress to find attractive investments as the amount of assets that it must invest increases.

Inside Information. Cypress (through its representatives or otherwise) may receive information that restricts its ability to buy or sell Securities of a company for substantial periods of time when the Funds or Separate Accounts otherwise could realize profit or avoid loss.

Counterparty Risk. Counterparties such as brokers, dealers, FCMs, custodians and administrators with which Cypress does business on behalf of clients may default on their obligations. For example, a client may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.

Taxable Consequences. The Funds do not intend to make distributions, but intend instead to reinvest substantially all income and gain. Therefore, an investor may have taxable income from a fund without a cash distribution to pay the related taxes. Furthermore, Cypress's activities could cause adverse tax consequences to clients and investors, including liability for interest and penalties.

Regulatory Environment. Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that Cypress must devote to regulatory compliance, to the detriment of investment activities.

Firm and Fund Registration Status. Cypress is not registered with the SEC as a broker-dealer or with the Commodity Futures Trading Commission as a commodity pool operator. The equity interests in the Funds are not registered under the Securities Act of 1933, and the Funds are not registered investment companies under the Investment Company Act of 1940. Cypress believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, Cypress and any Fund could be subject to expensive legal action and potential termination. In addition, investors in the Funds do not have certain regulatory protection afforded to investors that they would have if these registrations were in place.

ERISA. Cypress's activities may cause an account that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.

Conflicts of Interest. Cypress may have different types of clients, including Separate Accounts and private funds. These clients may have different investment strategies and expected levels of trading. Management and participation in investment activities for these different types of clients may compete with each other. Some activities that may create conflicts are as follows:

- In the course of providing advisory services, Cypress may buy or sell a Security for one type of client but not for another. Further, Cypress may buy (or sell) a Security for one type of client while simultaneously selling (or buying) the same Security for another type of client. Cypress or its Affiliates may be able to obtain more favorable compensation, cost reimbursement or risk sharing arrangements in connection with some investments if a client does not participate. These factors could influence Cypress not to make investments on behalf of a Fund or other type of account even though participation might be beneficial.
- Cypress has discretion in determining which investments are made by the Funds or Separate Accounts, sold to others or made by it or its Affiliates. The interests of the Funds and Separate Account(s) in selecting, negotiating and administering investments may conflict in some circumstances. Cypress may give advice and take action with respect to one client that differs from the advice that it gives or the timing or nature of action that it takes with respect to another client.

- Subject to the significant limitations in Cypress's Code of Ethics, Cypress and its members, officers, employees and Affiliates also may engage in Securities transactions for their own accounts. Cypress is not obligated, however, to acquire for the Funds or other type of account any Security that any of such persons may acquire for its or their own accounts. Cypress or its Affiliates may make any investment whether or not in competition with the Funds or in a manner that would limit or eliminate the Funds' opportunity to make the investment, without any accountability to the Funds or any investor of the Funds.

The above is only a brief summary of some of the important risks that a client or investor may encounter. Before deciding to invest in a Fund or Separate Account that Cypress manages, you should consider carefully all of the risk factors and other information in the fund's offering circular or private offering memorandum.

Disciplinary Information

This section requires disclosure of certain legal or disciplinary events that may be material to a clients or prospective client's evaluation of the Firm. The Firm has no legal or disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

Cypress has no other financial industry activities or affiliations subject to disclosure.

Palmer Fund, a private fund of funds, made a seed investment in the Onshore Fund. In connection with the seed investment, the Palmer Fund shares in the revenues of Cypress, and may receive other special rights, including increased access to information regarding the Funds and certain capacity rights. The existence of such special rights is disclosed to other investors, and any special rights granted the Palmer Fund are subject always to Cypress' fiduciary duty to treat all investors fairly and equitably. Please refer to the Section of this brochure under caption "Advisory Business" for more information.

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

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Firm, its affiliates, and personnel. Cypress recognizes that the personal investment transactions of affiliated persons of the organization demand the application of a high code of ethics and will require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, Cypress believes that if investment goals are similar for clients and for affiliated persons of the Firm, it is logical and even desirable that there be a common ownership of some securities.

The Firm recognizes that the personal investment transactions of affiliated persons of the organization demand the application of a high code of ethics and will require that all such transactions be carried out in a way that does not endanger the interest of any Client.

Employees are permitted to trade in securities that may be held by Clients of the Firm. As this presents a conflict of interest, the Firm has implemented personal trading procedures to mitigate this conflict. An Employee is not permitted to knowingly trade in stocks that employee has reason to believe are held or may be held by the Funds without first obtaining written approval

from Compliance. Compliance monitors employee compliance with this policy by monitoring employee account statements and holdings.

In order to address any conflicts of interest, Cypress has adopted a Code of Ethics with respect to transactions effected by its affiliated persons. Cypress monitors compliance by its affiliated persons with its Code of Ethics by adopting a securities transaction reporting system for all of its affiliated persons to report certain of their personal securities transactions and holdings (in reportable securities) to the Firm for review. Cypress will provide a copy of its Code of Ethics to any investor upon request by contacting Bridget Castoria at (415) 835-3844.

Brokerage Practices

Each of our Funds and Separate Accounts will incur brokerage commissions and other transaction costs. The Firm will have the discretion to select and use one or more brokers, dealers, banks and other financial intermediaries and counterparties (collectively, "Transacting Parties") to effect securities transactions. In our selection process and negotiating commission rates we will take into account the, as applicable, financial stability and reputation, and quality of investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other services provided by the Transacting Party.

In selecting Transacting Parties we have a general duty to seek "best execution" for securities transactions for our clients. In evaluating if a Transacting Party will provide best execution we consider a range of factors. We may not always solicit competitive bids, seek the lowest available commission cost or negotiate "execution only" commission rates as these are not the only factors we consider when making a selection. In addition to research, the services that may be provided to the Firm by Transacting Parties may include services such as special execution capabilities, clearance, settlement, net pricing, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, online access to computerized data regarding Clients' accounts, performance measurement data, consultations, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, general reports, financial strength and stability, efficiency of execution and error resolution, quotation services, and the availability of securities to borrow for short sales.

Even if a Transacting Party can provide execution quality comparable to other Transacting Parties, our Funds and Separately Managed Accounts should be expected at times to pay more than the lowest transaction cost available in order to obtain, for itself and/or for the Firm, services and products other than the execution of securities transactions.

"Soft Dollars"

As discussed above, in considering the selection of Transacting Parties we may consider the value of various services or products, beyond transaction execution, that they can provide to us, the Funds, or Separate Account clients. Selecting a Transacting Party in consideration of these things and paying for them with transaction execution costs is known as paying for those services with soft dollars. As such, soft dollar commission rates are higher than non-soft dollar rates.

Cypress has authority to enter into "soft dollar" arrangements with brokers on behalf of each Fund who agree to provide one or more of the following services for the Fund:

- custody,

- recordkeeping and similar services, and
- paying for a portion of a Fund's costs and expenses of operation, such as newswire and data processing charges, quotation services, periodical subscription fees and other reasonable expenses incurred by the Fund.

The foregoing list of soft dollar services, which may be received by the Firm is extensive because of the diverse range of the possible services that a Fund's brokers may provide. Cypress currently allocates a portion of its commission dollars to pay other vendors. Specifically, these soft dollars are used to pay for data feeds and third party research. None of the commission dollars go towards obtaining any special services or products that do not benefit the Fund. The Compliance department will determine if the soft dollar services are reasonable in relation to their cost and whether it is permissible to pay for those services with brokerage commissions. We review the price, trade execution quality, and expertise offered by the soft dollar broker in carrying out trades. We evaluate applicable products and services to decide if they can be fully or partially paid with soft dollars in compliance with applicable rules.

The Firm manages its Funds and Separate Accounts in a side-by-side manner and allocates trades prorate across each Fund and Separate Account and soft dollars generated benefit all of the accounts.

The use of soft dollar commissions represents a conflict of interest. Without soft dollars, we would pay for certain research and brokerage services out of pocket with fee revenues rather than with client commissions. For example, we may be incentivized to cause a Fund or Separate Account client to pay higher commissions than it would to other broker-dealers who do not provide soft dollar services or products; place more trades than optimal for the Fund or Separate Accounts' strategy; use broker-dealers who don't obtain the best possible price on portfolio transactions; and use (and pay) broker-dealers to act as intermediaries with other broker-dealers who actually execute transactions.

Section 28(e) of the Securities Exchange Act of 1934 recognizes the potential conflict of interest in using soft dollars to pay for various expenses, but provides a "safe harbor" from breach of fiduciary duty if certain requirements are met. Under this safe harbor, soft dollars may be used to purchase "research" and "brokerage" services and products for which the Funds or Separate Account clients would not otherwise be required to pay. Under Section 28(e) "research" is generally products or services that are used for proper and lawful assistance in making investment decisions for the Funds or Separate Account clients and that constitute advice, analyses or reports that express reasoning or knowledge as to the value or investing in or trading securities, issuers, industries, economic factors or trends, portfolio strategy or performance. "Brokerage" services or products are used to effect portfolio transactions, such as execution, clearance, settlement or custody.

We generally intend to use soft dollars for purposes, and in ways, that satisfy the Section 28(e) safe harbor and have adopted strict compliance procedures to ensure that our soft dollar practices are consistent with our duty to achieve best execution and that soft dollar services represent fair and measurable value.

Aggregation of Orders

The Funds and Separate Accounts Cypress manages generally purchase or sell the same securities. We generally (but are not required to) combine orders on behalf of the Funds and Separate Account clients. Securities purchased or proceeds of securities sold through aggregated orders are allocated to the account of each portfolio that bought or sold such securities at the

average execution price. If less than the total of the aggregated orders is executed, purchased securities or proceeds will generally be allocated pro rata among the participating portfolios in proportion to their planned participation in the aggregated orders. No portfolio will receive the lowest purchase price or the highest sale price in connection with such order unless all purchases or sales are at the same price.

When we do place orders for the same security entered on behalf of more than one Fund or Separate Account, this will be done subject to the aggregation being in the best interests of all participating Clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders; filled orders shall be allocated separately from subsequent orders.

Instances in which orders will not be aggregated include, but are not limited to, the following:

- Traders and/or Portfolio Managers determine that the aggregation is not appropriate because of market conditions and/or timing of the trade;
- Portfolio Managers must effect the transactions at different prices, making aggregation unfeasible; and
- when our interest in a particular Fund creates circumstances in which the Fund's transactions may not, under certain laws and regulations, be combined with those of some of our other clients (in which case that Fund may obtain less advantageous execution than those other clients).

Directed Brokerage

We do not have any "directed brokerage" arrangements with our Funds or Separate Accounts. Instead, each Client obtains custodial, clearing and related services through what is known as a "prime brokerage" arrangement. By using brokerage firms for these functions clients avoid paying custodial fees that banks charge other institutional investors. Prime brokers are compensated through brokerage commissions, interest on credit balances, margin borrowings, and stock loans. A Client might be thought of as "directing" us to place transactions with a prime broker in order to pay for the custodial, clearing and related services the Fund obtains from the prime broker.

Review of Accounts

Reviews of each Fund and Separate Account are conducted on an ongoing basis by our Portfolio Manager, Trader(s), Operations and Chief Operating Officer. These accounts are reviewed with regard to positions held, risk exposure and to determine whether the portfolios reflect the investment strategies, restrictions and policies stated in the Confidential Private Placement Memorandum in the case of a Fund or the Advisory Agreement in the case of a Separate Account.

We do not provide formal reports to the Funds as we are their sole general partner and investment manager. Each Fund prepares annual financial statements, which are audited by an independent certified public accounting firm. These audited financial statements are provided to investors in the Funds. Additionally, investors in each Fund and Separate Account clients will be provided with monthly performance snapshots and statements that provide substantial portfolio information including sector, geography and short/long positions. Investors will also receive

quarterly letters, which announce material changes pertinent to the management of the Firm and its Funds or Separate Accounts.

Client Referrals and Other Compensation

Atlantic, Montage, and Palmer Square, through the Palmer Fund, share in the revenues of Cypress. Atlantic, Montage, and/or Palmer Square may introduce their current clients or prospective investors to Cypress or recommend an investment in the Funds or a Cypress separately managed account to their clients.

All referral arrangements will comply with the relevant portions of SEC Rule 206(4)-3 and will be subject to a written agreement between Cypress and the solicitor.

Custody

Cypress does not take possession of client funds or securities. Fund (client) assets are held at GSCO. GSCO sends a monthly custodial statement for the Funds to the Firm (the Funds' General Partner). Each investor in the Funds will receive a monthly statement of Net Asset Value from the Fund's Administrator.

Cypress is deemed to have custody of the assets of the Onshore Fund, Founders Fund and Master Fund by virtue of serving as the General Partner of these Funds. The Funds are subject to an annual audit and audited financial statements, which are prepared in accordance with generally accepted accounting principles by a PCAOB Accountant, are distributed annually to each investor within 120 days of the end of each fiscal year.

Investment Discretion

Cypress has full discretion to determine the identity and the amount of all securities to be bought and sold by each Fund, and to determine which broker or dealer is to be used in each transaction and the commission rates to be paid in such transactions. Our Separate Account clients may negotiate certain restrictions, which will be outlined in their advisory agreement.

The discretionary authority to make the above referenced decisions will vary based on the agreement that is in place with each client and the Firm. Cypress will exercise its investment discretion consistent with its investment strategies as specified in the private placement memorandum and limited partnership agreement ("LPA") applicable to each client. Cypress's authority and discretion are limited by the boundaries of the private placement memorandum and the executed Power of Attorney in the LPA. Cypress's authority may be subject to conditions imposed by a client in the LPA, including, without limitation, restrictions on transactions in securities issued by companies in a specific industry or direction as to the specific brokers and dealers that must be used to execute transactions.

Voting Client Securities

The Firm votes all proxies on behalf of its Clients after carefully considering all proxy solicitation materials and other available facts. All voting decisions on behalf of a Client are based solely on the Firm's determination of the best interests of that Client after discussion with

the portfolio manager or analyst, if deemed appropriate. The Firm uses reasonable efforts to respond to each proxy solicitation by the deadline for such response.

If the Firm is considering voting a proxy, it reviews all proxy solicitation materials it receives concerning securities held in a Fund. The Firm evaluates all such information and may seek additional information from the party soliciting the proxy and independent corroboration of such information when the Firm considers it appropriate and when it is reasonably available.

The Firm abstains from voting proxies when it believes that it is appropriate. Usually, this occurs when the Firm believes that a proposal holds negative but non-quantifiable implications for shareholder value but may express a legitimate concern. The Firm will also generally abstain in voting shares of a company where the Funds are fully boxed or have a net short position.

Due to the size and nature of the Firm's operations and the Firm's limited affiliations in the securities industry, the Firm does not expect that material conflicts of interest will arise between the Firm and a Client over proxy voting. The Firm recognizes, however, that such conflicts may arise from time to time, such as, for example, when the Firm or one of its affiliates has a business arrangement that could be affected by the outcome of a proxy vote or has a personal or business relationship with a person seeking appointment or re-appointment as a director of a company. If a material conflict of interest arises, the Firm will vote all proxies in accordance with "Proxy Voting Policies" above. The Firm will not place its own interests ahead of the interests of its Funds in voting proxies.

At the request of an investor, the Firm provides that investor with a report summarizing all proxy solicitations the Firm received with respect to the Fund in which that investor owns interests during the period requested and action taken by the Firm on each such proxy.

Clients and investors in our Funds may obtain a copy of the proxy voting policies by contacting Cypress.

Financial Information

Cypress does not have any financial conditions that would be reasonably likely to impair our ability to meet contractual commitments to clients. In addition, Cypress has not been the subject of a bankruptcy petition in the last ten years.